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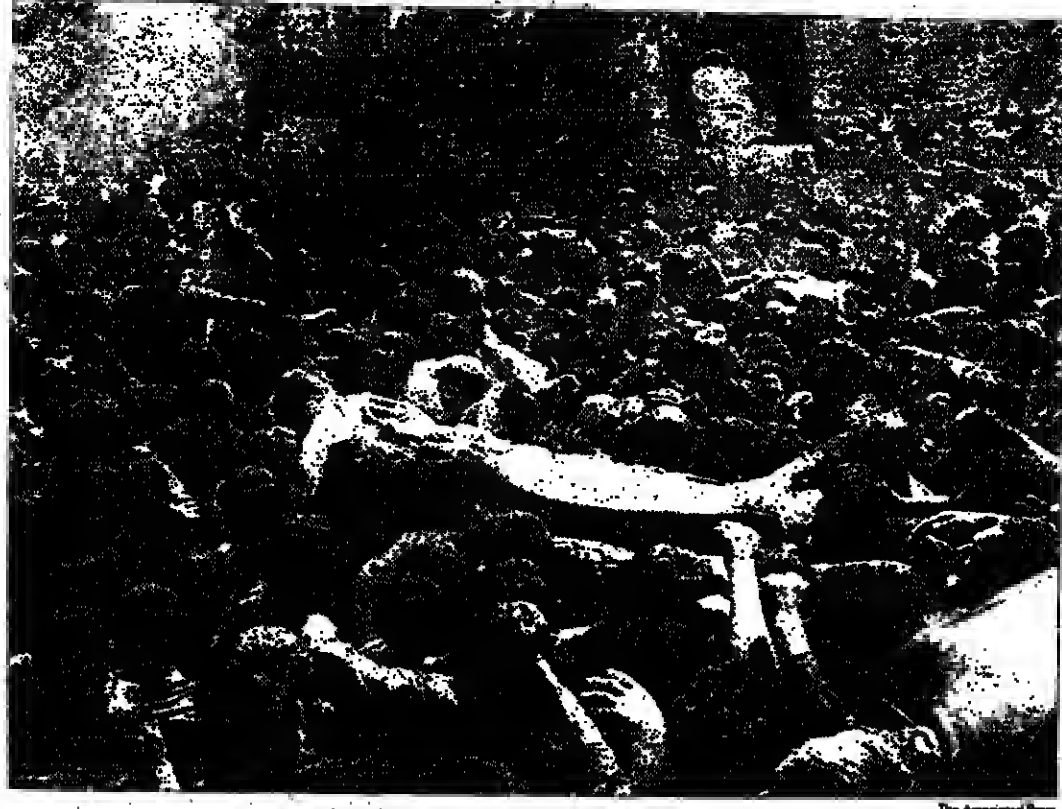
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PARIS, TUESDAY, SEPTEMBER 1, 1981

Established 1887

THE WEATHER — PARIS: Tuesday, cloudy, possible storms. Temp. 13-22 (55-72). LONDON: Tuesday, heavy rain. Temp. 12-22 (54-72). CHANNEL: Short, rough. Tuesday, high. Temp. 17-22 (63-72). FRANKFURT: Tuesday, cloudy, possible storms. Temp. 9-23 (48-81). NEW YORK: Tuesday, mostly cloudy. Temp. 21-27 (70-81).

Algeria	5.00	Den.	1.25	Rob.	Nigeria	1.00	K.	1.00
Argentina	15.5	Israel	15.15	Norway	4.50	N.K.	4.50	N.K.
Bahamas	6.00	Italy	8.00	Iran	0.50	Pol.	0.50	Pol.
Belgium	30.00	Japan	400.00	Portugal	40.00	Spain	40.00	Spain
Canada	CS 1.10	Korea	14.00	Qatar	4.00	Saudi Arabia	5.50	Saudi Arabia
Cyprus	40.00	Lower	45.00	Sweden	4.50	Switzerland	4.50	Switzerland
Denmark	5.50	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.
Egypt	8.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.
Finland	45.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.
France	4.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.
Germany	2.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.
Greece	40.00	U.S.	1.00	U.S.	1.00	U.S.	1.00	U.S.



Crowds in Tehran strove to touch the body of Premier Mohammed Javad Bahonar on Monday.

President and Premier Die in Iran Of Bomb Injuries; Council Governs

BEIRUT — An estimated 1 million mourners, some chanting "Death to America," jammed the streets of Tehran on Monday for the funeral of Iran's president and premier, dead of injuries from a bombing Sunday afternoon, reports from Iran said.

The bomb attack that killed President Mohammad Ali Rajai and Premier Mohammed Javad Bahonar was the second against the clergy-led government in two months. Mr. Rajai had been president for 27 days and Mr. Bahonar premier for 25.

Mourners also demanded the death of former President Abolhasan Bani-Sadr at the funeral procession wound through the streets of the capital, carrying the bodies of Mr. Rajai and Mr. Bahonar from the Majlis (parliament), where they had lain in state, to the Beheshti Zahra Cemetery on the outskirts of the city, the official Pars news agency said.

As a crowd, estimated by a Majlis spokesman at 1 million, stood outside the parliament building, a Majlis deputy from the Tehran district blamed the explosion on Mr. Bani-Sadr and his leftist supporters in the underground Mujahaddin Khalq, Iran's largest opposition group. Mr. Bani-Sadr and the Mujahaddin leader, Masoud Rajavi, are in exile in France.

The nation's revolutionary leader, Ayatollah Ruhollah Khomeini, called Mr. Rajai and Mr. Bahonar martyrs and said their deaths would not alter the course of the Islamic revolution in Iran.



President Mohammad Ali Rajai



Premier Mohammed Javad Bahonar

dom. Those who created the state of violence are the victims of their action.

In a recent interview with The New York Times, Mr. Bani-Sadr predicted that the Iranian government would fall if five men died: Mr. Rajai and Mr. Bahonar were at the top of his list. He said the other key figures were Majlis speaker Hashemi Rafsanjani, Chief Justice Musavi Ardebili and Ayatollah Mohammad Reza Mahdavi Kani, the interior minister.

At Least 4 Dead

Ayatollah Khomeini's spokesman, who asked not to be named, said five other persons were killed and 15 injured in the blast and fire. However, Tehran Radio reported four fatalities: Mr. Rajai; Mr. Bahonar; Masoud Kashuri, an employee of the premier's office, and an elderly woman who was walking past the building.

No group immediately claimed responsibility for the bombing. But there was speculation that it was the work of the Mujahaddin, which was blamed for the bombing June 28 that killed Ayatollah Mohammed Beheshti, the No. 2 man in the revolutionary regime, and about 70 other political leaders.

In Paris, Mr. Rajavi said the (Continued on Page 2, Col. 3)

France Moves to Ease Strain in Its Ties to Arabs

By Joseph Fitchett
International Herald Tribune

PARIS — The hastily arranged meeting in Beirut between the French minister of external relations, Claude Cheysson, and the PLO chairman, Yasser Arafat, checked a process of recent deterioration in France's political and economic relations with important Arab countries.

France, like all European governments, faces mounting problems in its efforts to find an effective approach to the Middle East. In the face of apparently insurmountable, Israeli-Palestinian differences, the European initiative has foundered — and the appeal of extremism is growing in the region.

In raw violence, the terrorist attack on the Vienna synagogue — the work of Arab extremists bent on sabotaging European-Palestinian contacts — fits the same political pattern.

The terrorists aimed their blow to discredit the policy of Chancellor Bruno Kreisky of Austria, Europe's leading proponent of con-

tacts with Mr. Arafat. Although their identity has not been established, they are believed to be followers of Abu Nidal, a Palestinian dissident who is hostile to Mr. Arafat and is reportedly backed by

"If the meeting with Arafat had not come off, France would have suffered a public incident with the Arabs; as it is now, we just have a problem, but it's a real one," a diplomat said.

Mr. Cheysson was instructed not to make concessions to Mr. Arafat because Mr. Mitterrand's government pointedly rejects the Palestinian Liberation Organization's claim to be the sole representatives of the Palestinian people. Their meeting appears to have been inconclusive.

The Socialist's diplomatic policy seeks to move France closer to Israel without breaking its commitment to justice for the Palestinians. But the government's economic needs can only be met by Arab bank deposits to support the franc, access to oil and gas to compensate for a slowed nuclear program, arms and other contracts to ease unemployment and financial cooperation to help implement the Socialist's aspirations for Third World development.

Although Mr. Mitterrand has dispatched a series of personal envoys to reassure Arab leaders, their reception gradually cooled as Arab leaders realized that the French discussions were focused on economic matters to the exclusion of the Palestinian question.

"Our Arab policy runs through the PLO," a French official said as he listed some elements that have dissipated the Arab governments' initial wait-and-see attitude toward Mr. Mitterrand.

Palestinian suspicions were triggered by Mr. Mitterrand's comments at the European summit last December where he criticized his predecessor's insistence on an "overall" Middle East settlement — which is a code word for including the Palestinians. Instead, Mr. Mitterrand advocated a return to "step-by-step" diplomacy, and he praised the Camp David accords — anathema to the Palestinians and to radical and moderate Arab regimes.

Taking their cue from Palestinian spokesmen, who sniped at Paris (Continued on Page 2, Col. 3)

Poland Quadruples Price of Bread On First Anniversary of Solidarity

From Agency Dispatches

WARSAW — Poland quadrupled the basic price of bread on Monday and sharply increased the cost of flour and cereals.

The increases came on the first anniversary of the agreements that resulted in the creation of Communist Eastern Europe's first independent trade union, Solidarity.

The government said the latest increase was necessary if the economy was to be reformed and state food subsidies were to be eliminated. Many foods have been sold below cost for years but previous attempts to raise prices had aroused public protests.

The official media reported scattered panic buying of bread in some state shops and scarcities of fresh 300-gram, crusty, brown loaves, but the 300- to 400-percent boost in prices of bread and other grain products was greeted without other incidents.

"Everyone seems to be taking it calmly," said a shopkeeper. "Fast increases in the price of food have not been taken so calmly, and government attempts to raise prices sparked bloody riots in the Baltic port of Gdansk in 1970 and in Radom and the Ursus tractor factory near here in 1976."

A price increase on July 1, 1980, sparked widespread labor unrest that led to formation of Solidarity

with the signing of the Gdansk accords.

Union and government negotiators met Monday for talks over one of the points of that agreement, union media access. The discussion focused on press and electronic media coverage of the first Solidarity congress beginning in Gdansk on Saturday.

Solidarity wants what it calls thorough and fair news coverage of its congress. Its spokesman, Janusz Onyszkiewicz, announced Monday that the union will propose dual television coverage, one version by a state television news team, one by a team of Solidarity-affiliated broadcasters.

The union's Warsaw news bulletin on Monday rejected government arguments that a breakup of the state information monopoly would be tantamount to an attack on Poland's system of government and Soviet bloc alliances.

"The mass media should be in the hands of the working people and their organizations," the bulletin quoted the Polish Constitution.

The outcome of the talks is seen as crucial. "This could be the thin edge of the wedge," a Polish journalist said, noting that a government win could lead to other union concessions.

After days of local celebrations to mark last summer's labor revolt,

National Unity

"Today, with two of our great people martyred, there is mourning throughout the country," he said in a Tehran Radio broadcast from his residence in northern Tehran. "The nation has maintained its unity and will do so. Tomorrow, when they announce presidential elections, all the nation will be prepared to vote."

A Tehran newspaper said Mr. Rajai, 48, and Mr. Bahonar, 47, had been burned beyond recognition by the incendiary bomb that set fire to the premier's office. It said the bodies had been identified Sunday night through dental records.

Earlier, a spokesman for Ayatollah Khomeini said by telephone that the two had died in a Tehran hospital of burns and smoke inhalation from the blast and fire.

"It was to be expected," Mr. Bani-Sadr said in Paris. "It was themselves who prepared their deaths. They suppressed all free-

S. Africa Says Pullout Continues, But Angolans Claim Towns Held

From Agency Dispatches

PRETORIA — South African forces are continuing their withdrawal from Angola and are not engaged in fighting with Angolan troops, a South African military spokesman said Monday, but Angola said fighting was continuing with South African forces in the south of the country.

The spokesman said the South Africans had completed their operation against bases and installations of the South-West Africa People's Organization in southern Angola. The guerrillas are fighting against South African rule in South-West Africa (Namibia).

The spokesman denied Angolan reports that South African troops were occupying a number of towns in southern Angola.

He said the Luanda government was trying to create an impression that a large-scale invasion force had entered Angola in order to influence world opinion before the special UN session on Namibia begins Thursday.

Debate Resumes

The Security Council resumed debate Monday on the South African incursion after members negotiated privately on a hard-line resolution by six Third World countries.

Asked if South African forces had destroyed the town of Cahama, about 120 kilometers (80 miles) north of the Namibian border, the Pretoria spokesman said: "We have gone out of our way not to attack civilian targets."

Several ambassadors based in the Angolan capital, Luanda, visited Cahama Sunday. British ambassador Frank Kennedy said on his return to Luanda that the town had been destroyed.

The diplomats saw and heard no sign of continued fighting but they said Angolan officers told them the South Africans were making no effort to withdraw from captured positions.

The South African military spokesman said Monday he could not confirm when the withdrawal from Angola would be completed. "We have started a tactical withdrawal," he said. "These things take time and we must be careful. We are very vulnerable now to"

(Continued on Page 2, Col. 7)



A U.S. soldier guards the site of a bomb blast at Ramstein Air Base near Kaiserslautern, West Germany. The bomb, hidden under a parked car, exploded Monday morning, injuring 20 persons.

Bomb Blasts Ramstein Air Base; U.S. General, 19 Others Are Hurt

The Associated Press

RAMSTEIN AIR BASE, West Germany — An explosion rocked the headquarters of the U.S. and NATO air commands on Monday, wounding 18 Americans including an Air Force general and two West German officials, reports said.

West German authorities said it appeared to be the work of terrorists who planted a bomb beneath an automobile. The blast came against a background of mounting anti-American sentiment among some West Germans because of U.S. military policies.

The Air Force said the injured included Brig. Gen. Joseph D. Moore, assistant deputy chief of staff for operations. He and another senior officer, Lt. Col. Douglas R. Young, were reported in stable condition at the U.S. Army hospital in nearby Landstuhl.

Several others among the injured were taken to the hospital but were treated and released. All but one of the Americans injured were officers.

Windows Shattered

The explosion occurred shortly after 7 a.m. and apparently came from an automobile parked in front of the adjacent headquarters buildings of the U.S. Air Force Eu-

rope and of the NATO air command, West German police said.

Witnesses said the bomb, which went off as the first stream of civilian and military personnel were reporting for work, shattered car windows and blew out windows and interior walls in nearby buildings.

"Thank the Lord the explosion occurred before most people reported for work or we would have had a lot more injuries," an Air Force spokesman commented. He said damage was extensive.

A spokesman at the Federal Criminal Office in nearby Karlsruhe said that West German authorities believe the explosion was the work of terrorists, but he gave no further details. No group claimed responsibility.

Cause Undetermined

"The cause of the explosion has not been determined," a brief Air Force statement said.

Security guards sealed off the post to all but "essential" duty personnel, spokesman said, although they insisted operations at the base had not been impaired.

U.S. officials denied radio reports that a second bomb was found near the base.

Monday's blast was the second

Saudi AWACS to Lack Some Key Technology

By Charles Mohr
New York Times Service

WASHINGTON — The five radar surveillance and battle-control aircraft that the Reagan administration proposes to sell to Saudi Arabia will not have the same key technological systems that advanced U.S. Air Force models will have, according to a Defense Department document.

The systems to be omitted are designed to resist enemy jamming of radar and communications and to help manage a large-scale aerial battle.

However, according to the document, the Saudis' Airborne Warning and Control System (AWACS) planes would be identical to the basic U.S. Air Force version to which more sophisticated equipment is added.

The question of how the Saudi AWACS will be equipped is likely to be important during hearings and debate in Congress, which can veto the sale in votes expected to come in October.

The Defense Department document was part of the formal notification of the proposed sale that was sent to Congress last week. Officials said the Saudi version of the aircraft would be a highly capable early-warning, surveillance and battle-control plane, particularly in the military environment around the Gulf oil fields in eastern Saudi Arabia.

Congressional critics of the proposed sale have expressed fears that the AWACS planes would threaten Israel and that the advanced U.S. military technology on board could fall into the hands of the Soviet Union because of instability in the Middle East.

U.S. officials said that certain equipment would not be placed on the Saudi version of the Boeing E-3A AWACS. Military planners are increasingly concerned that a future air war would be, in large part, "a jamming war," in which each side would attempt electronically to neutralize the other side's technological abilities.

Jamming is interfering with a radio or radar signal by sending out electromagnetic energy on the same frequency. Various electronic deception measures can also interfere with the mission of a plane such as the AWACS.

The "most important thing, the top one" in advanced systems that would not be sold to Saudi Arabia, a Pentagon official said, is a Joint Tactical Information Distribution System.

It is described as a sophisticated, jam-resistant, encrypted communication system that gives an AWACS plane enhanced ability to communicate, in digital and voice form, to a very large number of friendly fighter planes, information about the radar data it is picking up.

It is expected to be especially useful in large air battles of the kind that might be fought in Central Europe in the event of a major East-West war.

Radar System

The Saudi AWACS would also lack an advanced jam-resistant, encrypted voice-radio system known as Have Quick. U.S. electronics corporations, however, would be permitted to develop and to sell to the Saudis a system that, although open to jamming, would be secure from being deciphered by enemy forces.

In addition, the Saudi planes would not be equipped with an electronic counter-countermeasure system, still under development, that is intended to find enemy forces even when they are carrying out electronic deception measures. "We would not furnish that in any circumstances," a Pentagon official said of the Saudi sale.

Future U.S. AWACS planes will have 12 radar-computer display consoles instead of the nine that are now standard. The three extra consoles, which are meant to assist in large-scale battle management, are not thought necessary for the Saudis.

Because of the great military sensitivity of jamming and anti-jamming technology, intelligence officials believe that the Soviet Union has not equipped any of the radical Arab navies, such as Syria, Iraq and Southern Yemen, with advanced jamming systems. Iran also lacks such advanced technology. The five Saudi AWACS planes should therefore be able to deal with local threats, officials assert.

In the case of a Gulf conflict involving the Soviet Union, the lack of jam-resistant equipment and the use of commercial equivalents for (Continued on Page 2, Col. 1)

West Reported Ready To Ban Afghan Flights

International Herald Tribune

PARIS — At the urging of the Reagan administration, most major Western governments except France will break all civilian air links with Afghanistan starting Tuesday on the ground that the regime of Babrak Karmal supports international terrorism, a State Department spokesman said Monday in Washington.

The ban would cover Western airline flights to Kabul's international airport and landing rights at foreign airports for Ariana, the Afghan national airline, according to the State Department spokesman.

In a series of anti-terrorism resolutions at international summits, the United States and other major industrial nations agreed to impose sanctions on governments that harbor air pirates.

The State Department spokesman said the U.S. government had been informed that other Western governments and Japan intended to apply the anti-terrorist stipulations against Afghanistan.

The only major exception is France, which reportedly indicated

INSIDE

Carter Speaks Up

In a Shanghai interview during his Asian tour, former U.S. President Jimmy Carter says he believes that he did the right thing to hold his tongue about the policies of his successor in the early months of the new administration. This, he thinks, allowed President Reagan to swing around to views "reasonably compatible" with his own on a number of major foreign policy questions. Page 3.

Vienna Attack

Viennese police release all but three Arabs arrested in a machine-gun attack on a synagogue that killed two persons and injured 20. Religious leaders, politicians and Viennese crowd into narrow streets in Vienna's old center in a mourning march for victims of the attack. Page 2.

Fading Castile

In Spain's history, Castile has long been a proud name. Today it is a lament. Castile once sallied out to conquer the world but today it is merely a region. Page 4.

—JOSEPH FITCHETT

Attack on Synagogue Is Attributed to Arab 'Terrorist Network'

From Agency Dispatches
 VIENNA — Police on Monday released all but three Arabs arrested in a machine-gun attack on a synagogue that killed two persons and injured 20 during the weekend. The authorities attributed the attack to an "Arab terrorist network in Austria."

Religious leaders, politicians and Viennese crowded into the narrow cobbled streets of Vienna's old center in a march mourning the victims of the attack. Memorial services were held in the street outside the 155-year-old Israelite Temple Synagogue. A bouquet of flowers marked a doorstep that was left stained with blood from Saturday's gun and grenade attack.

Chief Rabbi Akiba Eisenberg of Vienna exhorted in remarks delivered to the mourners that officials had tried to encourage only the holding of a memorial march instead of both the march and a ceremony.

"We have apparently discovered a big Arab terrorist network in Austria, but we are still in the dark where their headquarters are and

who gave them the orders for the attack," a police official said.

On Sunday night, six Arabs were detained in the apartment of one of two suspected terrorists. Police said they were released because they had nothing to do with the attack and only shared the apartment of one of the suspected terrorists.

Still in custody were two persons arrested outside the synagogue and a third Arab whose role in the raid was still unclear.

The two suspected terrorists captured in the attack were identified as Husham M. Rajih, 21, an Iraqi, and Ali Yussuf, 22, who was wounded in a struggle during the raid. Mr. Yussuf said he was from Egypt, but had destroyed his passport.

The third Arab, who did not take part in the raid but was found in the apartment of Mr. Rajih, was identified as Mohsen Al Azehour from Syria. His role in the plot is still under investigation.



Ayatollah Ruhollah Khomeini, on platform, addressed visitors Monday in northern Tehran.

Iranian President, Premier Die of Injuries

(Continued from Page 1)
 bombing was carried out "by the legitimate resistance movement."

"I am not informed at this time exactly who planted the bomb, but it was the resistance movement and I do not deny that the Mujaheddin make up the majority of that movement," he said by telephone.

A council similar to the one that took over after Mr. Bani-Sadr after a prolonged power struggle with the party set off a campaign of violence by the Mujaheddin and other groups. In response, the clergy-led government has arrested thousands of leftists and executed more than 470 "counterrevolutionaries" since June.

ment, the council said the bombing was ordered by "criminal Americans" and carried out by foes of the Khomeini regime.

Mr. Bahonar was a member of the presidential council; its surviving members are Mr. Rafsanjani and Mr. Ardabili. The constitution calls for an election to be held within 50 days to fill the presidency.

Mr. Rajai, a former schoolteacher who was made premier by the ruling fundamentalist Islamic Republican Party while Mr. Bani-

Sadr was president, was elected president in a landslide vote July 24 and was sworn in Aug. 3. Mr. Bahonar, who succeeded Mr. Beheshti as party leader, became premier on Aug. 5.

The ouster of Mr. Bani-Sadr after a prolonged power struggle with the party set off a campaign of violence by the Mujaheddin and other groups. In response, the clergy-led government has arrested thousands of leftists and executed more than 470 "counterrevolutionaries" since June.

France Moving to Ease Strain in Arab Ties

(Continued from Page 1)
 from the Gulf, oil-exporting Arab governments developed their own set of reservations about France.

Mr. Mitterrand's decision to overturn the previous government's compliance with the Arab boycott against Israel drew irritated comment from Arab officials and businessmen.

According to Western diplomats who deal with the Gulf, conservative Arab leaders also are uncomfortable with Mr. Mitterrand's decision to appoint Communist ministers. They dislike the presence of several strongly pro-Israeli advisers in his immediate entourage.

They worry about the Socialist government's intention to nationalize key industries and to apply stricter moral standards to arms sales — developments likely to cramp commissions.

In effect, they see Mr. Mitterrand tilting toward Israel. Israel's irritated reaction to the Cheysson-Arafat meeting, as analyzed by several diplomats in Paris, was a reflection of disappointed Israeli expectations. But Israel, on the whole, is said to be happy with the government change in France.

his campaign to eliminate Palestinian moderates, ordered the assassinations of several prominent PLO officials in Europe, engaged in military contact with Israeli doves in 1978.

However, he was expelled from Baghdad three years ago as President Saddam Hussein of Iraq moved toward the Arab mainstream.

In recent months, reliable reports say Abu Nidal has switched allegiance to Syria. His Damascus-based organization struck in Vienna earlier this year, murdering the Jewish community leader there.

Besides wanting to discredit PLO diplomacy in Europe, Syria reportedly was irritated at Mr. Arafat because of the way he gained credit for helping bring about a cease-fire in Lebanon last month.

Syrian leaders had calculated that the United States and Saudi Arabia — mediators in the crisis — would recognize a bigger political debt to Syria for cooling hostilities.

Upset by Western indifference to Syria since the Camp David peace accords, Syrian officials have made no secret of their readiness to use terrorist tactics — in Lebanon and now in Europe — to make the world take notice.

Vienna Attack
 Israel also partially blamed the Vienna synagogue attack on Mr. Kreisky and his attempts to encourage moderates in the PLO. Mr. Kreisky retorted that Israel's inflexible policy had incited Arab terrorism.

The Vienna attack, according to Arab sources, was carried out by followers of Sabry al-Banna — code-named Abu Nidal — who broke with Mr. Arafat after the 1973 war, when the PLO began looking for a negotiated settlement with Israel. Mr. Arafat's organization, condemned Abu Nidal to death in absentia.

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Saudi Plane Technology

(Continued from Page 1)
 some radios and for the so-called identification. Friend or Foe system might present problems in permitting the Saudi radar planes to work with U.S. Air Force jets or fighters from U.S. Navy carriers.

However, a U.S. official explained that the commercial versions of equipment sold to the Saudis would be made identical in "fit, form and function" to U.S. equipment, so that "we can snap out their black boxes and insert our black boxes, if necessary."

Security System Off
 A sophisticated television security system in Vienna's main synagogue was switched off at the time of the attack, press reports said Monday. The device had been switched off because no work, including switching on electrical equipment, is allowed on the Jewish Sabbath, Saturdays, the reports added.

The Austrian Interior Ministry had not been aware that the device was not switched on, the reports said. A spokesman for the Jewish community refused to comment, but said: "You can be sure that this is not going to happen again."

The Austrian authorities introduced the security system and a police guard after an attack on the synagogue in 1979.

Austrian-Israeli Relations
 On Monday, Israel protested to Austria over remarks by Chancellor Bruno Kreisky that Israeli policy toward the Palestinians had provoked actions such as the synagogue attack. The protest was rejected by Austrian Foreign Minister Willibald Pahr.

But in a television interview Monday night, Mr. Kreisky accused Israel of failing to stop what he maintained was the continuing injustice done to the Palestinian people. "The bad and unqualified treatment of Palestinians in Israel is one of the reasons for this extremist and condemnable act," Mr. Kreisky said.

While the PLO leadership quickly denied any involvement in the attack, which it described as cowardly and criminal, one of the accused assailants told the police that he belonged to a group called Al Assifa, headed by a hard-line Palestinian, Abu Nidal, which broke from the umbrella organization in the early 1970s.

Look-Down Radar
 Some time after the fall of 1985, the five Saudi AWACS would replace four U.S. AWACS planes now based in Saudi Arabia.

The AWACS is basically a modified Boeing 707 with a large rotodome mounted above the fuselage. The equipment, which makes six revolutions a minute, contains radar antennas and the Identification, Friend or Foe antenna.

One of the most important abilities of the AWACS is its unusually capable "look-down" radar. Ordinary radars find it difficult to separate useful targets on or near the ground from a so-called "background clutter" of confusing and overlapping signals. The AWACS can pick up low-flying objects at considerable range, although this ability varies with the size of the target plane.

The low-level radar coverage is important both for what administration officials call the intended use of the Saudi AWACS planes and for what pro-Israeli critics fear might be their unauthorized use against Israel. On station over eastern Saudi Arabia, the planes are believed to be able to extend the warning time against a low-level attack from about two minutes to about seven minutes.

The extra time is believed sufficient to permit Saudi fighter planes to attack incoming aircraft before they release any bombs, something that would not be possible in the flat terrain of the Gulf if only ground radar stations were in use.

Arbitrator of Relations
 "It is essential that military force not become established as the arbitrator of relations between states or the means of effecting needed political change," he said. If there was any reference to South Africa in this formulation, it was left implicit, despite the week's events. When it came to allotting blame for the region's slide into violence, Mr. Crocker's only explicit reference was to the Soviet Union and its "clients."

This was in line with Secretary of State Alexander M. Haig Jr.'s defense of the relatively mild protest, in contrast to other Western nations, over the South African strike into southern Angola. At a news conference Friday, Mr. Haig said that the South African action had to be seen in the context of the attacks by Soviet-backed insurgents on the Southwest Africa People's Organization, who he said, "inflict bloodshed and terrorism on the innocent noncombatant inhabitants of Namibia."

From the perspective of Washington, that may sound like an evenhanded recital of facts. But it can be interpreted — and will likely be interpreted in South Africa — as casting the South African armed forces as the defenders of a local population that is being terrorized.

The black countries in the region insist on reciting the facts with an entirely different emphasis. From their perspective, the South African forces represent the colonial power whose continued occupation of South-West Africa (Namibia) has been branded as illegal in a variety of international forums by all major nations, including the United States, while the insurgents are seen as "freedom fighters" facing heavy odds.

Youths Attack Autos, Start Fire in Brighton

The Associated Press
 BRIGHTON, England — About 300 youths attacked cars, set a railway station afire and fought with police in this coastal resort, authorities said.

Police reported scores of arrests and several injuries Sunday night after gangs of youths began pelting passing cars with stones. Police reinforcements were called as the youths set fire to a station on the Seaford Railway.

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Sotheby's

LONDON ZURICH NEW YORK GENEVA

A superb pair of diamond studs set in Geneva, May 1981 for \$7,600.00

Entries for the sale of Fine Jewels in Geneva, November, 1981

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Black Africa Seems Likely to View U.S. Policy as Support of Pretoria

By Joseph Lelyveld
New York Times Service

WHITE RIVER, South Africa — The crux of the Reagan administration's policy on southern Africa, as it was expounded Saturday by Assistant Secretary of State Chester A. Crocker, is that the United States will not allow itself "to be forced to align ourselves with one side or another" in the region's disputes.

But, coming in a week that saw South Africa mount its largest military operation in Angola since the civil war there six years ago, this assertion of the administration's intention to look after U.S. interests in the region and stay out of its black-white conflict was apt to strike black countries as a step toward a tacit alignment with the white government in Pretoria.

In defining southern Africa's economic importance to the United States, Mr. Crocker stressed its output of key minerals and its industrial production. He did not point out that this production is overwhelmingly in white-governed South Africa and not in the neighboring black countries.

But in declaring that "it does not seem to be in our interest to walk away from South Africa," Mr. Crocker seemed to be saying plainly that the United States would never put such economic ties at risk in order to influence South African policy.

United States would stay non-aligned in such circumstances, nor how it would act to restrain the more hawkish elements in the South African government who may see a possibility of forcing Washington to make the sort of choice that Mr. Crocker was attempting to rule out.

Aggressive Tactics
 By one speculative line of interpretation that has been voiced by some South African specialists on regional politics, the more aggressive tactics being pursued by the South African armed forces in part, in creating a situation in which the five-nation Western "contact group" that has been seeking to promote a Namibian settlement would lose its cohesion and the United States would finally be forced to take sides.

In such a situation, so this theory goes, it is inconceivable that the Reagan administration would line up against South Africa.

Mr. Crocker's formulation of the new U.S. stand shows that he sees this pitfall. His method of avoiding it is to promote a Namibian settlement as a matter of urgency by doctoring the Western proposal. But his apparent assumption that South Africa is ready for the only kind of settlement the black countries in the region will accept — one in which the insurgent movement has a chance to come to power — has looked increasingly dubious, especially since an election in South Africa last April in which significant numbers of white voters defected to rightist extremist parties.

The same can be said about Mr. Crocker's assumption that a "process" of dismantling the legal structure of apartheid is under way on the domestic scene. In recent weeks, in its campaign to remove "illegal" blacks from Cape Town, the government has demonstrated that it is still determined to enforce the laws that Mr. Crocker terms "abhorrent."

Cautious Hedging
 His carefully hedged language Saturday indicated that he was less optimistic now than he was four months ago when he told a U.S. Senate committee in fairly glowing terms about the prospects for reform under Mr. Botha, who was visibly weakened by the election. Mr. Botha now seems to be standing pat, if not actually veering to the right, in order to shore up his support.

Mr. Crocker says the United States should be supportive of would-be reformers so that they can "gain and hold the initiative." That suggests that he realizes they do not hold it now. But if they continue to lose out and a Namibian settlement evaporates in the process, the strategic and mineral interests Mr. Crocker stressed Saturday would still continue to exist.

Presumably in such circumstances — which some pessimists would say are already at hand — he would still have to say, "It does not serve our interest to walk away from South Africa."

'Arbitrator of Relations'
 "It is essential that military force not become established as the arbitrator of relations between states or the means of effecting needed political change," he said. If there was any reference to South Africa in this formulation, it was left implicit, despite the week's events. When it came to allotting blame for the region's slide into violence, Mr. Crocker's only explicit reference was to the Soviet Union and its "clients."

This was in line with Secretary of State Alexander M. Haig Jr.'s defense of the relatively mild protest, in contrast to other Western nations, over the South African strike into southern Angola. At a news conference Friday, Mr. Haig said that the South African action had to be seen in the context of the attacks by Soviet-backed insurgents on the Southwest Africa People's Organization, who he said, "inflict bloodshed and terrorism on the innocent noncombatant inhabitants of Namibia."

From the perspective of Washington, that may sound like an evenhanded recital of facts. But it can be interpreted — and will likely be interpreted in South Africa — as casting the South African armed forces as the defenders of a local population that is being terrorized.

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South Africa, Angola Issue Conflicting Battle Reports

(Continued from Page 1)
 some who want to settle old scores."

The spokesman said remnants of the South African forces began the trek back to base, hauling with them tons of captured Soviet-manufactured equipment.

During the six-day incursion, 11 South African soldiers died and 450 Angolan soldiers and SWAPO guerrillas were killed in a series of artillery and ground battles, the spokesman said. He said three Angolan soldiers were captured.

Senior South African officers told correspondents who visited the battle area during the weekend that equipment seized included several Soviet T-34 tanks, armored vehicles, several hundred Soviet-built heavy trucks, and many new anti-aircraft guns which would be brought back to South Africa.

Angop, the Angolan news agency, said South African forces were still occupying the towns of N'giva and Xangongo along with other areas of Angola's Kubenga border province.

Angop said fighting was still going on, but gave no details of what had taken place Monday.

According to Angop, only Angolan soldiers have been involved in fighting with the South African force, which President José Eduardo dos Santos said consisted of three to four brigades.

In a separate development, Angop this week announced the resumption of iron ore exports for the first time since the country's independence six years ago.

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Cheysson Rejects Criticism
 *DAMASCUS (Reuters) — Mr. Cheysson on Monday rejected Israeli criticism of his meeting with Mr. Arafat and said he might meet him again at any time.

Mr. Cheysson, at a news conference at Damascus airport following a 24-hour visit to Syria, said of the Israeli criticism:

"I will not answer them, but would like to make clear to all that France is a sovereign state, that Arafat had met a number of responsible European officials and that many states had recognized the representation characteristic of the PLO and the Palestinians' right to participate in any negotiations."

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Athens Seeking to Hold Up OECD Report on Economy

By Andriana Ierodiakonou
Washington Post Service

ATHENS — The government of Premier George Rallis has asked the Organization for Economic Cooperation and Development to defer publication of its annual economic report on Greece because of its potential impact on the general election this fall.

The request points up the political implications of Greece's economic problems, stimulated in part by its joining the European Economic Community in January.

The move, characterized by observers as "not unprecedented, but fairly damning in its implications," was in sharp contrast to a previous litany of official assurances that the economy was recovering from the slowdown in growth rates, rising inflation and widening balance of payments deficits of recent years.

The government argues that Greece's current economic ills are common to other West European countries.

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Carter Reflects on Foreign Policy

Discusses Shah, Brezhnev and Sadat

By Don Oberdorfer
Washington Post Service

SHANGHAI — Former President Jimmy Carter says he did the right thing to hold his tongue about the policies of his successor in the early months of the new administration, allowing President Reagan to swing around to views "reasonably compatible" with his own on several major foreign policy questions.

Citing the Middle East peace process, proliferation of nuclear weapons and the China-Taiwan issue as examples of Reagan administration policy shifts, Mr. Carter said, "I think they would have found it much more difficult to evolve their present policies... had I spoken out in a combative way or a critical way about the initial tendencies."

Mr. Carter, who has had no contact with President Reagan since turning over the presidency on Jan. 20, attributed modifications in his successor's policies in part to "experience in the Oval Office" that required changes from campaign rhetoric.

Plenty of Time

Another reason he has said so little in public, according to Mr. Carter, is his belief that other Democrats such as Walter F. Mondale and Sens. Edward M. Brooke and John Glenn need their day in the sun. "There's plenty of time for me in the future to voice my own views if I see fit," Mr. Carter said.

Asked if he is thinking of running for president again, Mr. Carter replied: "No. I don't have any ambitions to run for public office."

On Saturday night, Mr. Carter, who is on his first overseas trip since leaving the presidency, looked back on his administration of foreign affairs and ahead to the future in an interview in the city of Xian, Shaanxi province. Late Sunday, Mr. Carter and his party left for Shanghai.

Discussion of Crises

The former president discussed the crisis in Iran, especially his decision to admit the shah to the United States, at some length for the first time since the freeing of the U.S. hostages on Inauguration Day. And he spoke anew of his surprise at the Soviet intervention in Afghanistan, which he called a "radical departure" from previous Soviet policy and a surprise to all his advisers.

Speaking of the foreign leaders with whom he dealt as president, Mr. Carter called President Anwar Sadat of Egypt "my favorite of all," describing him as "completely honest, unrestrained, decisive and cooperative."

Mr. Carter said he had discussed "in depth" with Mr. Sadat his possible courses of action after regaining the remainder of the occupied Sinai from Israel next spring under the Egyptian-Israeli peace treaty. "I don't think Sadat would do anything to deviate from the accords, even after obtaining the territory," said Mr. Carter. "I have absolute confidence in him."

Mr. Carter now admits that with Prime Minister Menachem Begin of Israel there had been a "series of sometimes highly emotional

confrontations with strongly felt opposing opinions." After easily reaching agreements with Mr. Sadat, "I would spend days or weeks or months negotiating with Begin, often with his own advisers being more amenable to an agreement than was he," Mr. Carter said.

An "Extremely Courageous" Begin
At the same time, Mr. Carter called Mr. Begin an "extremely courageous man who made decisions for the well-being of the Middle East that sometimes were in contravention of his longstanding political alignments." And Mr. Carter added, "I don't know of any other Israeli leader who would have been willing to move so strongly on the return of the Sinai region to Egypt."

The former president, who said he has considered writing a book on the Middle East but was convinced by his publishers to write general memoirs instead, is deeply convinced that the conflicting parties must grapple with the Palestinian problem. "There is no way to have permanent peace in the Middle East without resolving the Palestinian issue," he said, repeating for emphasis, "No way."

President Leonid I. Brezhnev of the Soviet Union, whom Mr. Carter met at Vienna for the signing of the SALT-2 treaty in mid-1979, was a surprise to Mr. Carter: "He was much more vigorous than had been reported to me by other foreign leaders with whom he had met." Mr. Brezhnev was "obviously in charge" of his delegation, seeming to make the final decision on contentious points, and "had a sense of humor," Mr. Carter recalled.

Disapproval of Reagan

"Though it is politically popular to condemn everything about the Soviets these days, I was convinced then and I still am convinced that Brezhnev deserves peace," Mr. Carter said. "I could see in his remarks and his attitude a deep memory of the 24 million Russians who were killed during World War II and a deep desire to avoid another world conflict."

The former president expressed disapproval of two elements of Reagan administration policy toward the Soviet Union: The "enormous" escalation of military spending, well beyond what Mr. Carter said he felt is needed, and failure to pursue strategic arms control "without hesitation" despite the cross purposes of the two superpowers in many areas.

"I felt that the Soviets negotiated in good faith and constructively on the SALT-2 treaty. I believe it's to the advantage of our country to observe its terms, and I don't believe it would be possible to negotiate a better treaty under existing circumstances," Mr. Carter said.

Asked where the Soviet-U.S. relationship went awry, the former president singled out "two serious mistakes which in my judgment terminated the peaceful progress that was exemplified by the SALT-2 treaty signing." These were the Soviet intervention in Afghanistan in December, 1979, and the "sponsoring" of the Vietnamese invasion of Cambodia. "This is the root of the problem between me and Brezhnev and our two countries," he said.

Mr. Carter added that he had come to believe since then that "had the Soviets not gone into Afghanistan and been condemned on a worldwide basis, they would have invaded Poland." He declined to give his reasons for this assessment.

Iran Recalled

It was the painful subject of Iran, which consumed much of Mr. Carter's time and political capital in the year before his election last November, which drew the greatest amount of detailed recollection from the former president.

Mr. Carter said he had no doubt that the Iranian revolution, "causing the doubling of oil prices, enormous and uncontrollable inflation and the seizure of the hostages" was a major factor in his failure to be re-elected.

In their first meeting in 1977, Mr. Carter recalled, he counseled the shah in a general Cabinet room session and then in private in his inner office to "broaden his contacts among the Iranian people. The shah 'didn't agree that this change was necessary,'" Mr. Carter said.

'Shah Would Prevail'

The former president rejected charges that his human rights emphasis contributed to the monarch's downfall, saying, "I don't believe that the pointing out of the need to honor the rights of his people caused his downfall. If there was a cause, it was because he failed to honor the demands of his own people."

"I don't know of anybody who foresaw" the fall of the shah, the

former president said. "If there were those who did, they didn't reveal their foresight to me. That includes the press, private senior statesmen, the intelligence community and the State Department. There was a general presumption that the shah was threatened but that he would prevail."

When the shah did fall, Mr. Carter said, "there was no hesitation on my part in offering him a haven." The former president said he had helped arrange a place for the fallen shah at the Auenberg estate in California, and personally gave permission for the shah's airplane to be refueled at an Air Force base en route to California.

"At the last minute, a surprise to us, he decided to stay in Egypt" where he had flown from Tehran, Mr. Carter said. "Later, we still offered him a place to stay, but he said he wanted to go to Morocco."

Mr. Carter said that "after the Iranian revolution was implanted," he decided it would be a mistake for the shah to come to the United States, which would "renew the fervent pitch of animosity in Iran against American citizens." So when the shah asked to come to the United States after Morocco, "my own preference was that he go somewhere else."

15 Countries Contacted

"We contacted about 15 countries, trying to find a suitable place for the shah to reside," Mr. Carter said. The shah preferred some countries that would not accept him, such as Belgium and Switzerland, according to Mr. Carter, and rejected some that expressed willingness to take him in, including South Africa and Paraguay.

After a temporary stay in the Bahamas, the shah went to Panama, which accepted him "perhaps out of gratitude for the Panama Canal treaties and against their better judgment," Mr. Carter said.

When Secretary of State Cyrus R. Vance said that the shah "needed to come to our country for medical treatment, that his life was in danger... there was no hesitation on my part," Mr. Carter recalled. "I don't recall any tortured decision process."

Once the American hostages were seized growing out of Iranian protests about the presence of the shah in the United States, Mr. Carter faced a series of difficult choices.

"I've thought about it a lot. It was one of the more significant events of my life. And I still don't see a better series of decisions, even in retrospect, that I could have taken than the ones I did take at the time."

"I think it came out well in the end. Our nation's integrity was honored. Its interests were protected. The hostages' lives were spared. Their freedom was restored. I suffered politically, which is not of great moment in the historic scope of things."

"The lesson to be learned is how badly the Iranians suffered. I doubt if any kidnapers ever paid a more horrible price than the Iranians did," Mr. Carter said in reaction to the hostage-taking subjected to the Iranian revolution, destroyed Iranian prosperity, isolated Iran in the world and precipitated the attack by Iraq last fall.

"I think it is recognized that Iran made a terrible mistake and paid a terrible price," Mr. Carter said.

U.S. Accepts Responsibility In Sinking of Japanese Ship

United Press International
TOKYO — The United States formally took responsibility Monday for the collision of the U.S. nuclear submarine George Washington with a Japanese merchant vessel in April in which two Japanese crewmen were killed.

U.S. Ambassador Mike Mansfield called on Foreign Minister Susuo Sonoda to convey official regret about the accident, which soured Washington-Tokyo relations during the spring because survivors were not rescued by the submarine.

Mr. Mansfield also gave Mr. Sonoda a 70-page final report on the ramming and sinking of the Nissho Maru by the George Washington. He said the United States expects the compensation issue to be solved soon.

The foreign minister called the final report "clear-cut" version of the incident. Ministry officials said the report held the nuclear submarine and crew members responsible for the collision and admitted the submarine did not make proper efforts to rescue Japanese seamen.

The ship went down in the East China Sea 176 kilometers (110



Former President Jimmy Carter met with Xie Zenghao, second from left, vice commander of the East China Fleet, aboard a Chinese missile destroyer. Rosalynn Carter accompanied them.

Salvador Rebels Planning Global Drive for Support

By Alan Riding
New York Times Service

MEXICO CITY — Cheered by their recognition as a "representative political force" by France and Mexico, El Salvador's guerrilla-led opposition groups are now planning a diplomatic offensive to rally support for their cause among other Western and Third World countries.

An opposition spokesman said members of the Democratic Revolutionary Front, an alliance of leftist guerrilla and non-Marxist political groups, would travel to selected countries in Latin America, Western Europe and Africa as well as lobby among delegates attending the coming session of the UN General Assembly.

"We're not looking for expressions of support from Nicaragua or Cuba or the Soviet Union," the spokesman said. "We want to demonstrate that the Salvadoran conflict is not an East-West issue, despite what Washington claims. We want to show that a lot of non-Socialist countries sympathize with our cause."

Opposition representatives traveled to Panama immediately after the French-Mexican declaration of support Friday and will soon visit Ecuador, Peru, Guyana and Brazil. Other representatives plan to meet with government officials in Austria, Sweden, Denmark, Norway, Algeria, Zimbabwe, Kenya, Tanzania and Zambia.

'Protective Umbrella'

"We hope that the Franco-Mexican statement will act as a sort of protective umbrella beneath which other countries can safely speak out," the opposition spokesman

said. "That's the importance of getting support from two countries that are so crucial to the United States."

The opposition's immediate objective, according to its leaders, is to create international pressure on the Reagan administration to recognize that a negotiated settlement of the Salvadoran conflict is the only alternative to more strife. To date, Washington has backed the Salvadoran military-civilian junta in its refusal to deal with the opposition and its rejection of outside mediation.

"Unless there are negotiations, the war will go on," said Salvador Samayoa, a leader of one of five guerrilla groups that make up the Farabundo Martí National Liberation Front. "The past few months have demonstrated that, even with enormous U.S. support, the Salvadoran armed forces have been unable to defeat us. On the contrary, we grow stronger by the day."

The guerrillas withdrew to mountain strongholds after their unsuccessful "final offensive" in January. But they stepped up their attacks again in mid-July, concentrating on sabotaging energy supplies, railroads and bridges in a strategy that Secretary of State Alexander M. Haig Jr. described last Friday as "straight terrorism."

The United States, which now has 46 military advisers in El Salvador, has gradually increased its shipments of weapons to the country and has thrown its weight behind the junta's plan to hold elections for a constitutional assembly there in March.

Schmidt Accuses Pacifist Group of Being Soviet Tool

United Press International
BONN — Chancellor Helmut Schmidt has accused West Germany's leading pacifist movement of being a "tool" of the Soviet Union.

He said Sunday that several backers of the Krefeld Appeal, a petition asking Bonn to stop new U.S. nuclear missiles in Western Europe, were members of the Communist Party.

"There is no word of criticism for the Soviet Union," Mr. Schmidt said in a television interview. "This is clearly a tool very pleasing to the Soviet leadership, very suited to them and treated by them in a friendly way."

Mr. Schmidt said he could not take the appeal seriously because it failed to mention Soviet weapons. Western intelligence reports say the Russians have about 250 SS-20 nuclear missiles in place, most targeted on Western Europe, and are adding a new one every five days.

Mr. Schmidt said Bonn would continue the policy decided upon by NATO in December, 1979, to install 572 U.S. Cruise and Pershing-2 missiles while at the same time offering talks with Moscow to reduce arms on both sides. "Peace is not created when one renders oneself defenseless against the armament or threat of another," Mr. Schmidt said.

Aide Indicates Pentagon Budget May Be Cut to Trim U.S. Deficit

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — The chairman of the president's Council of Economic Advisers has given the clearest indication to date that the Reagan administration will have to trim the military budget to keep the 1982 federal deficit from growing.

Murray L. Weidenbaum, speaking on a U.S. television interview program, said military spending authority had grown 55 percent between fiscal 1980 and fiscal 1982 (beginning Oct. 1). Calling that growth "extremely generous," Mr. Weidenbaum suggested a less rapid expansion might be in order.

Meanwhile, Paul A. Volcker, the Federal Reserve Board chairman, said there is "no question" that the nation's monetary authorities plans to maintain tight controls on money and credit availability. These restrictions have kept interest rates at near-record levels for months. The high cost of borrowing is a major reason for increasingly pessimistic forecasts for the 1982 federal deficit.

Mr. Volcker, speaking on another television program, said the Fed's tight-money policies have reduced money supply growth and resulted in lower inflation this year. "We're a long way from home, but there are hopeful signs," Mr. Volcker said.

Uncomfortable Policy

He agreed that using monetary policy alone to fight inflation is uncomfortable. He said the administration needs to find more judicious cuts to take some pressure off monetary policy in the future to reduce inflation.

"We still have a \$700-billion budget. There's a lot of room for cutting. I find it hard to believe there is no room for economies in the defense program," Mr. Volcker said.

Mr. Weidenbaum admitted he did not have a specific plan to cut military spending, but said nothing was sacrosanct in the budget. Military spending should be "subject to the same tough" standards as any other federal budget item, he said.

Effect of Tax Cut

Although Mr. Weidenbaum stopped short of guaranteeing a cut in the Pentagon budget, it was the strongest statement to date by an administration official that cuts to hold down the budget deficit will have to come in military as well as civilian and social programs.

In private, however, officials have conceded that the \$150-billion tax cut passed last month will

result in deficits higher than the administration wants. If President Reagan is to keep his fiscal 1982 deficit to the \$42.5 billion he promised, they said, Pentagon spending will have to be trimmed. The Congressional Budget Office projects a \$60 billion deficit under current conditions.

Fears of a sharply higher deficit have sent stock and bond prices plunging in recent weeks.

Mr. Weidenbaum, however, said positive effects of the Reagan policy already are evident. While the New York markets may be plunging, he said, the world is giving the United States a vote of confidence. The dollar has been climbing in value in the past six months. "Sound as a dollar" is an accurate statement once again," Mr. Weidenbaum said.

Mr. Weidenbaum's predecessor in the Carter administration, Charles L. Schultz, said the economy would be better off if the Reagan administration trimmed what he called a massive defense budget to enable the Federal Reserve to run a somewhat easier money policy.

But Mr. Schultz, on another program, said that no matter what the administration does, inflation cannot be eliminated without tight monetary policies.

Mr. Weidenbaum denied that there is a serious clash between the administration and the Federal Reserve Board over the Fed's stranglehold on the nation's money. Administration officials have said publicly in the past few days that they are concerned that high interest rates might hurt the economy.

But Mr. Weidenbaum and Mr. Volcker said Federal Reserve and

Report Says Pope To Revisit Poland

The Associated Press
WARSAW — Pope John Paul II, whose visit to his homeland in 1979 touched off a torrent of national pride, will return to Warsaw next year, Polish television has reported.

The Rev. Jozef Platek, head of the Pauline monks, said Sunday that he had traveled to Rome to invite the pontiff to visit on the 600th anniversary of the Black Madonna shrine in Czestochowa. "The holy father received us cordially and with joy," he said. "It will be the highlight of our celebrations."

The priest gave no specific date, but the main celebrations at Poland's most revered Roman Catholic shrine are Aug. 15.

administration officials are in constant contact and that there is no disagreement between them over the course of monetary policy.

Mr. Volcker discounted recurrent worries that high interest rates will throw the economy into a severe recession. "I think there have been many more predictions of recession in the last three or four years than recessions that happened," Mr. Volcker said.

He said he would not exclude the possibility of a recession, but said public policy cannot be conducted on the basis of "guesses," as he called recession predictions.

Korean Armistice Unit To Discuss U.S. Charge

The Associated Press
SEOUL — The Korean Military Armistice Commission will meet Tuesday to take up a U.S. charge that North Koreans fired a missile at a U.S. spy plane last week, the UN Command said Monday.

The commission, which discusses alleged violations of the 1953 Korean armistice, will meet at Panmunjom.

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U.S. Embassy Hit By Bomb in Lima

The Associated Press
LIMA — Seven explosions, including blasts at the U.S. Embassy and the residence of U.S. Ambassador Edwin G. Corr, caused heavy damage and killed two persons Monday, police reported.

The early morning explosions at the U.S. diplomatic installations coincided with bombings at the Ford Motor Co., the Bank of America, the local distributors of Coca-Cola and the G. Berckmeyer and Co. milk products administrative offices, which represent Carnation Milk in Peru.

The seventh blast was at a private home, where a fire killed two persons and injured seven others, police said. There was no further information immediately available on the fatalities or the home where they occurred. No injuries were reported in the other explosions.

Doctors Order Begin To Take a Brief Rest

Jerusalem — Prime Minister Menachem Begin, 68, was ordered by his doctors Monday to rest at home for a few days after complaining of pains in his left knee, a government official said.

The prime minister is due to meet President Reagan in Washington next week. The official said that doctors said Mr. Begin's knee aches would not cause any change in his travel plans. "It is just some knee pains and nothing more," he emphasized.

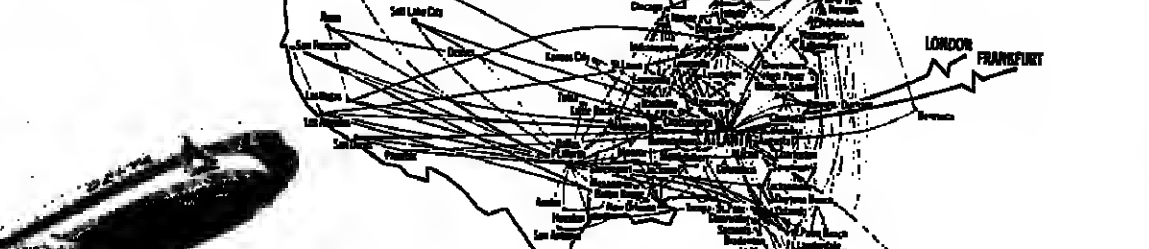
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DELTA IS READY WHEN YOU ARE

Once Proud Castile Attempts to Arouse Regional Sentiment

By James M. Markham
New York Times Service

TORDESILLAS, Spain — In Spanish history, Castile is a proud name. Today it is a lament. Castile once sallied out to conquer the world. Today it is merely a region. If they were playing a small joke on the past, legislators from Old Castile gathered here recently and resolved that this hill town would be their capital.

They chose Tordesillas, which has 8,000 inhabitants and a few road junctions, not because it is particularly beautiful, or convenient, or important. They chose it because legislators from Burgos did not want Valladolid to be the capital, and legislators from Valladolid were against Burgos.

Tordesillas has had grander moments. In 1494, envoys from Portugal and Spain met here and carved up the known world between them. A line traced on a map determined that Brazil became Portuguese, and the rest of South America Spanish.

In 1509, after wandering around her kingdom with the calcified body of her husband, Queen Juana I of Castile came to rest in Tordesillas. Her son Carlos traveled here, decided she was crazy, declared himself king and locked his mother up in Tordesillas for 46 years. History remembers her as Juana la Loca, or The Mad.

"The town is on a small hill, and this kept it from growing," said Jose Castro Toledo, a priest who is also the historian of Tordesillas. "When the Parliament met here, there weren't enough rooms for the nobles to stay in, so they went to Valladolid. Felipe III stayed here when he was making Valladolid his capital. If Valladolid had remained the capital of Spain, Tordesillas might have been its Versailles."

The legislators who are trying to give some life to the new administrative entity called Castile-Leon, which comprises nine depopulated rural provinces, will also face accommodation problems when they hold their deliberation here. But a graver issue is the absence of any regional feeling among the 2.6 million people in the new region.

"The truth is that there is no regional sentiment," said Miguel Delibes, the writer, whose novels evoke the emptiness and bleakness of Castile's plains. "We Castilians once made a world, and the idea of locking us into a little Castile does not give us much enthusiasm. This regional sentiment is a bit exclusive, a bit provincial."

"State of Autonomies"

The death of Franco in 1975 unleashed repressed regional movements in Catalonia and the Basque provinces, which today enjoy limited home rule. But a novelty in democratic Spain has been the birth, at times induced, of regional movements where they never existed before. The constitution of 1978 recognizes Spain as a "state of autonomies" — which remains to be defined in practice.

Castile is the oddest case. Castile was the handmaiden of the imperial exploits of the Spanish monarchs that left it like them exhausted and bankrupt. In Barcelona and Bilbao, it is fashionable to rail at "Castilian centralism," as if Ferdinand and Isabella were still in business. But, in fact, in modern times Castile has been bled of men and money to stoke the industries of Barcelona and Bilbao.

At the turn of the century, the region had 2.3 million people. If Old Castile had grown with the rest of Spain, it would now have 4.2 million, instead of 2.6 million. Under Franco, its farms and villages were abandoned by families seeking a better life in the industrial centers of Spain and northern Europe. One can drive for miles without seeing a human being on the parched land.

"Our men have followed our riches," said Jose Elias Perez Baragan, the 45-year-old Socialist mayor of Tordesillas. Like other local leftists, he got his first political experience in a clandestine labor organization in the Renault plant in nearby Valladolid, an island of industrial activity in agricultural Castile.

"I understand this Castilian regionalism as a kind of self-defense," said the mayor. "If Basques and Catalans are defending their interests, we have to defend ours. We are forced to."

There is so little to defend. "It has been a slow death, and now I am afraid it is irreversible," said Mr. Delibes, ruminating on the bloodletting of population wealth and even vital energy from Castile. "There is less unemployment than in Andalusia, but there are no people. It is a desert."



BLOCKADE — A group of people pushed cars into the middle of the road to disrupt traffic at the Spanish town of Algorta near Bilbao to protest the construction of a nuclear power plant.

Disputing Payments, Marshall Islanders Repossess Land Used in U.S. Missile Tests

By Robert Trumbull
New York Times Service

HONOLULU — Marshallese families have begun repossessing islands in the Kwajalein Atoll, which they had relinquished for U.S. missile tests, in a move foreshadowing a confrontation with the United States over claims for millions of dollars.

According to Imada Kabua, president of the Kwajalein Atoll Corp., an organization representing the landowners, the move back to the islands is a protest against a delay in the Marshallese authorities in the payment, due in July, of \$2.4 million received from the United States for distribution to the displaced islanders.

Mr. Kabua, who has extensive land rights in Kwajalein as a high-ranking chief, was in Honolulu to consult attorneys about larger claims that go back to 1944.

Under a 1979 agreement between the Marshall Islands and the United States, the islanders received about \$6 million a year

for lands taken over for the missile-testing program — in which missiles fired from Vandenberg Air Force Base in California, 5,000 miles to the east, were shot down by other missiles fired from a \$1 billion installation on Kwajalein, the atoll's main island.

One-Time Payment

The 1979 agreement superseded a 1964 arrangement under which the Marshallese received a one-time payment of \$750,000, or \$1,000 an acre, for U.S. rights to use the land for 100 years, dating from 1944, when U.S. forces seized Kwajalein from the Japanese.

The 1979 agreement expires at the end of September. The Kwajalein Atoll Corp. notified the Marshallese authorities in June that its members would refuse to permit use of their land by the United States after Sept. 30 unless they received assurances of "full and fair compensation" for use between 1944 and 1979.

In principle, Mr. Kabua said, the landowners want to extend the terms of the 1979 agreement backward to 1944, a formula that would cost \$177 million if accepted by Congress, which would have to appropriate the money. However, there are indications that the islanders might scale down their demands in negotiations.

Meanwhile, attorneys for about 5,500 Kwajalein landowners have a lawsuit pending in the High Court of the Trust Territory of the Pacific Islands seeking to nullify

all agreements made between the United States and the Kwajalein people before the 1979 arrangement to pay \$6 million annually.

The Marshall Islands and several other groups in the trust territory became self-governing in internal affairs in 1979. The islands, known collectively as Micronesia, were taken from Japan by U.S. forces in World War II. In 1947 they were made a UN trusteeship, with the United States as the administering power.

The Reagan administration is reviewing tentative agreements with the Marshallese, the Palau group and a new entity called the Federated States of Micronesia, comprising Yap, Truk, Ponape and Kosrae, that would make these entities independent states at the end of the trusteeship, with the proviso that U.S. military rights in the area be retained. A fourth chain, the Northern Mariana Islands, has voted to become a U.S. commonwealth.

The reoccupation of the Kwajalein islands that had been surrendered for the missile project was prompted by the needs of numerous families planning to send younger members to Hawaii to resume their schooling, Mr. Kabua said.

Prompt payment of the \$2.4 million now due to the displaced islanders probably would end the present protest campaign, he said, but not the campaign for compensation for the use of the lands from 1944 to 1979.

Afghan Rebels' Facade of Unity Cracks as Major Group Withdraws

By Tyler Marshall
Los Angeles Times Service

PESHAWAR, Pakistan — Despite high morale and growing confidence in their ability to challenge Soviet forces in battle, major elements of the fractious Afghan resistance movement remain incapable of forging a united front.

The most recent attempt at unity, aimed at pooling all political and military activities of the six largest resistance groups, has begun unraveling even before its official public debut, scheduled for a press conference later this week.

The newly formed organization, known as the Islamic Unity of Mujaheddin, drew up a lengthy constitution in June, but one group has already pulled out after a fight over composition of the body's supreme council. At least one other group is likely to follow.

"The coalition will fail," predicted Sayid Makdoom Rahim, a senior member of the National Islamic Front, the group that withdrew. "Joint military command is impossible."

Those who monitor guerrilla activities in this frontier town believe Mr. Rahim's assessment is correct.

Vanity and Greed

In the 20 months since the Soviet Union intervened militarily in Afghanistan, at least four other attempts at unity have collapsed under the weight of personal jealousies, power grabs and professed ideological differences.

While simple vanity and greed have fostered much of the disension, other factors also play a role. For example, some leaders with strong personal appeal but poorly organized groups see their interests best served by broadening the leadership of the resistance beyond the major parties. Sayid Ahmed Ghalini of the National Islamic Front, who inherited the title of *pir*, or living saint, is one such leader.

Others, however, who draw their political power predominantly from well-organized, arch-fundamentalist Islamic parties, believe their only chance to dominate lies in restricting resistance leadership only to those parties.

That basic difference has been a key factor in the failure of most efforts at unity.

Violent Clashes

Efforts to unify the resistance last year under the umbrella of a so-called Loya Jirga, or grand council, composed of elected representatives from each province collapsed because it was viewed as a Ghalini ploy to weaken party influence.

Conversely, Mr. Ghalini withdrew from the latest alliance at-

tempt when fundamentalist party leaders rejected his attempt to broaden its base.

Those jealousies between major Peshawar-based groups have led to interparty fighting in the past and a number of violent clashes inside Afghanistan in recent months.

Last May, a particularly bloody clash between guerrillas of rival parties near the key Soviet air base at Bagram, north of Kabul, left many dead.

Bomb in Paris May Have Gone Off Prematurely

United Press International

PARIS — Police believe a bomb that exploded in the Intercontinental Hotel Saturday may have gone off prematurely.

"One possible theory is the bomb, which was left in an attaché case, went off Saturday night before it could be moved to a place where it would cause more harm," a police spokesman said Sunday.

The blast injured 18 persons and wrecked furniture, carvings and glass paneling in the hotel, across from the Tuileries Garden. All those injured, most of them cut slightly by flying glass, were taken to a hospital. Only one, a hotel employee, was held overnight before being released.

Police are seeking a bearded man, about 35, who was seen to put the case under the desk of a public relations official in an unfrequented corner of the foyer shortly before Saturday evening's blast. They were also trying to determine a motive for the bombing and were skeptical of a claim made by a "Palestinian Front" for the attack more than 10 hours after it occurred.

"No politically sensitive body has recently held any meeting in the hotel or is expected to do so in the next few days," a police spokesman said. "Nor was any well-known figure staying there and no threatening phone calls or letters have been received."

Most of those encounters have involved a faction of the arch-fundamentalist Hezbi Islami Party, led by Gulbuddin Hekmatyar, 36, a Kabul University engineering graduate.

Some Advantages Seen

Mr. Hekmatyar is viewed as trying to expand his area of influence within Afghanistan by dislodging other groups from rebel-held territory.

Surprisingly, the continued disension among the largest rebel groups has apparently failed to blunt the overall effectiveness of the uprising against Soviet forces and troops of the beleaguered Afghan Army.

In fact, some observers say that the squabbling, uncoordinated nature of the resistance has worked to its advantage, making it impossible for the Russians to react to any logical overall strategy.

Guerrilla leaders here look back on the 20 months of fighting with a detached sense of confidence. They make no appeal for weapons or supplies.

In one office, a captured Soviet field telephone set was used as an intercom while identification cards taken from Soviet casualties, once prized trophies, were strewn casually across a desk by the hand.

"We are satisfied with our activities," said Mangal Hussain of Mr. Hekmatyar's Hezbi Islami. "We are better armed, better trained and more determined than when the Russians came."

'Morale is High'

For him, as for others, unity is viewed as a desirable, yet relatively unimportant goal.

The increased availability of arms and supplies, confirmed by military analysts here, has reportedly enabled a number of smaller insurgent groups to operate with greater effectiveness in their local areas.

"Morale is high," said an independent source with close contacts to insurgent groups. "They feel they are actually beginning to limit Soviet control in some areas."

That same source also pointed to signs of improved organization and sophistication within the resistance. "Ambushes are more carefully set, the weak spots on Soviet helicopters more often exploited," he said.

He noted that one of the largest groups, a Hezbi Islami faction headed by Yunis Khalis, has successfully established small terrorist cells inside Kabul that are so insulated that they are unaware of one another's existence.

"That kind of structure is extremely hard for government to infiltrate," the source said.

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Show Business

Brooke Shields — Manufacturing a Star

By John Duka
New York Times Service

NEW YORK — She is the girl of the moment. The new goddess. The gold mine. Her new movie, "Endless Love," together with her constant appearance on magazine covers and television commercials and in gossip columns speculating about romance with John Travolta, have made Brooke Shields a cultural phenomenon whose genesis demands scrutiny.

At 16, she has become the prime asset for the three-year-old, multimillion-dollar Brooke Shields and Co. It is a parent company in the true sense of the word. Her mother, Teri, is president; her godmother, Lila Wisdom, is vice president. The only other members of the company — and they are employees, not officials — are the attorney, the accountant, a secretary, and someone who opens fan mail (more than 1,000 letters a week).

The division of labor is simple. Shields' mother concentrates on the creative aspects of the company. Wisdom tends the bottom line. "The lawyer," said Wisdom, "goes over everything with a fine-tooth comb before we sign it, but it's really Teri and me. She and I are the ones making the deals, but Teri is the ultimate decision-maker. And gosh, it's so hard to keep track of it all, you can't imagine."

There is a lot to keep track of — for example, Shields' income, about which one is apt to get crossed signals from mother and godmother. While her mother says that Brooke Shields and Co.'s 1980 income was "only about a million, I think," Wisdom says it was well over that. For the Calvin Klein jeans commercials alone, according to Wisdom, Brooke Shields was paid \$500,000; industry sources put the figure at \$800,000. And Puritan, the company that owns Calvin Klein jeans, threw in an \$80,000 horse that is kept in New Jersey at the Shields' 14-room Tudor mansion.

Shields was given a healthy percentage of last year's film "The Blue Lagoon," which has grossed more than \$100 million so far. For "Endless Love," her eighth film, directed by Franco Zeffirelli, she was paid \$500,000. "Plus she's getting all the fringe benefits imaginable," said Mrs. Shields. Brooke also has a percentage of "Endless Love."

Brooke Shields and Co. could be said to have begun a little over 40 years ago, when Frank Shields, a tennis player known more for his looks than his backhand, married Princess Marina Torlonia of Rome. Their son, Frank Jr., married, at age 24, a former model, Teri Schmon, then 31. "I was five months pregnant with Brooke when her father and I got married," recalled Teri Shields, "and I over wanted to marry him in the first place." The marriage lasted a matter of months.

When Brooke was 11 months old, her mother received a phone call from an assistant of the fashion photographer Francesco Scavullo asking if she would bring her baby to the studio for a test shot of her holding a bar of Ivory soap. She'd get \$35 for her trouble. Mrs. Shields agreed. She left the studio with a star in her arms and embarked upon the stage-mother road. A B-movie maker could not have staged it any better.

"I never planned any of it," Mrs. Shields said. Her response by this time are down pat. "It just happened. After the Ivory soap, Brooke didn't work again until she was 18 months old. She went to St. Croix on a two-week modeling assignment and had a ball. The more I found that Brooke didn't mind doing these things, the more I made a game of it. The offers started pouring in. If I didn't like something, I'd wait.

"We didn't take bookings many times because we wanted to go away, or if I wanted to play," said Brooke. "It all happened gradually. Mom would . . . I would refuse," said Mrs.

Shields, characteristically finishing her daughter's sentence, "to answer the phone for years."

But she did not spend her time listening to the phone ring. She made the rounds of photographers' studios with her daughter, scanning



Teri Shields (left), daughter Brooke.

fashion jobs for her when she was only 4. By the time Brooke was 9, she was in her first film, "Alice Sweet Alice." At 10, she posed nude for a photo pamphlet called "Little Women." At 11, she played a young prostitute in Louis Malle's film "Pretty Baby."

"I knew Brooke would be successful," Mrs. Shields said, "because she was a good person and because photographers were pleased not only with her beauty, but her intelligence, her sensitivity to the camera. They got twice the quality from her, therefore, as they would from other girls. That gave me the incentive to go ahead. When the modeling really began to catch on, I started forming goals. I wanted her to be on the cover of Time."

"And I had two goals," said Brooke. "To be on the cover of Seventeen and the cover of Life." All three wishes came true. In fact, most of their wishes have come true, due in large part to the careful construction of an image, the likes of which has not been achieved since the old Hollywood days.

Indefatigable Organizer
Mrs. Shields, acting as manager, has organized her daughter's career with indefatigable energy. She is known for her eye for detail. She makes sure that the makeup for any fashion sitting is just right, that the lighting is balanced. She decides who is the best photographer for her daughter. And she decided some time ago that, when Shields is photographed, she is to be photographed alone.

"Endless Love," in which Shields plays the object of a young

man's slightly crazed romantic obsession, is filled with the kind of semi-explicit love scenes that have marked many of Shields' films and that continue to spark controversy over whether she has come to symbolize the sexual exploitation of children.

For the nude scenes in "Endless Love," Mrs. Shields selected the stand-in.

"Since I am the only person who's ever seen Brooke nude, I was the person best qualified to find the double. Her arms and hands were longer. But she had a pimple on her rear end which on one saw, so \$14,000 was spent re-creating every frame. I said, 'You can't let that in there.'"

Mrs. Shields possesses the over-weening attention of all stage mothers and managers, commenting, with some concern, that her daughter's lack of beginning to change, to look a "little sculpted."

"You mean square," said Mrs. Shields. Mrs. Shields said she has been asked immeasurably, in shaping her daughter's career, by Lila Wisdom, who has shared with her the responsibilities of child-raising for the past 16 years. Together, they are a formidable team. They met in Lord & Taylor, where Wisdom was selling cosmetics.

"Everybody has the million-dollar deal," said Wisdom. "There are a lot of phones out there. I filter everything to Teri. I know if any deal is of interest to her and Brooke. Brooke wants to get involved with comedy, with a Neil Simon project or a Walter Matthau subject. We're reading a lot of scripts now, and Teri wants to produce the next movie. But we now want to know who the director is before we start anything. We've learned how important that is."

"We get calls from all over the world, and not just for films. There are a lot of requests from Japan and foreign markets. For orange juice, for food, cosmetics. We don't want too many things going at once. And we have to be careful what Brooke promotes."

There is a deal for a Brooke Shields doll. A sequel to the "Brooke Book," a collection of Shields' beauty tips and poetry, is scheduled for next year. Dyan Cannon has sent Shields a script that she plans to direct, as has Peter Ustinov. For her next film, Shields will get an \$1 million plus benefits.

"Oh, yes, I almost forgot," added Wisdom. "She gets \$10,000 a day for modeling. With everything else, it's such a small figure, it's easy to forget."

Courtesy Corps
Making Society More Civil
By Nadine Joseph
New York Times Service
CONCORD, Calif. — Thomas Danaher's society attracts old women who have been shoved out of movie lines, middle-aged businessmen who find their assigned parking space lined with Honda motorcycles and people who pepper their speech with "dear," "please" and "thank you."

Polite people in California, as well as in the Middle West and Canada, are flocking to Danaher's Civil Society as though it was their last refuge from a world of rudeness and anonymity.

Breeding

Israeli Kibbutz Seeks to Bring Back Arabian Horses

By William Claiborne
Washington Post Service

KIBBUTZ GIVAT HAIM ICHUD, Israel — After years of exile in Europe and the United States, the proud Arabian horse of legend and poetry is being repatriated to the land where it once reigned nobly, its renaissance clearly as abrupt as its disappearance.

In this vast kibbutz near the Mediterranean city of Netanya, Yiftak Levron's dream of bringing the Arabian horse back home is beginning to materialize.

Sleek mares imported from California and New York graze lazily in the warm sun, while foals cavort in the lush pasture. Young kibbutzniks proudly groom the growing herd, talking confidently of the day when the market for pure Arabians bred in Israel will be what it once was in the ancient Holy Land.

"For centuries, the Arabian has been known as the best horse in the world; there's no reason that this breed should be associated more with the United States and England than it is here," said Levron, a 30-year-old native Israeli who manages the kibbutz's Sabra Arabians breeding farm.

From before the time when the prophet Mohammed made his legendary night ride to heaven astride his steed, Barak, the Arabian horse reigned in the land of Palestine.

But the supremacy of the Arabians of Palestine began to wane in World War I,

when a departing Austrian cavalry division left behind hundreds of crossbred horses, called "whales," and the incoming British Army brought in hunters, hacks and other horses favored by the cavalry then.

When the British left Palestine in 1948, they took with them most of the good Arabians. The purebreds left behind diminished in number as the government of modern Israel began importing sturdy, crossbred work horses from Hungary, Yugoslavia, Bulgaria and Norway because they were favored by Israeli farmers.

"They degraded the original desert strain," Levron said. "Almost overnight, the Arabian disappeared from the place of his roots."

A revival of interest in the Arabian began in 1967, when a horseman named Kurt Lewenthal met Count Stefan Zamoycki, an aficionado of Arabians, in London. Zamoycki established a purchasing commission to export Arabians to Israel, and an industry was launched.

Many members of the kibbutz fiercely opposed the venture, recalled Willie Gilbert, who assists Levron at Sabra Arabians.

"This didn't seem to be in the kibbutz tradition of hard work with the soil," Gilbert said. "A lot of people here thought it was a little too aristocratic or country-clubbish for a socialist kibbutz. A lot of them still do, but the wall of resistance is crumbling."

Decisions on investments in Kibbutz ventures are made by communal consensus, and Levron had to persuade his colleagues that \$4,000 spent for shipping a horse across the Atlantic could yield much more. Mares can produce a foal a year, and good Arabians can bring \$10,000 or more abroad.

"The first two years of a horse's life are critical," Levron said. "He needs good di-

mate, lots of sunshine and exercise. The conditions in Israel are perfect for breeding and raising horses."

The only other country in the Middle East where the pure Arabian ideal survives, Levron noted, is Egypt, although even there the stiff competition from abroad has caused interest to flag. Jordan and Saudi Arabia still breed some Arabians, but nothing on the scale of which Levron is thinking.

"When people think of Arabians, I want them to think of Israel," he said. "I don't want to breed the best Arabians in the Middle East. I want to breed the best Arabians in the world."

To do that, he is attempting to return to the strain that is indigenous to the area, with a smaller head and slightly smaller body than the European-bred Arabians.

Sabra Arabians now has 15 pure Arabians, including 10 mares who are producing about six foals a year, and Levron's ambition is to build up the herd to the point where he can start selling in about five years. A potential market, he says, is the United States.

"Now, Americans are buying Arabians from England, Sweden and other places in Europe," Levron said. "Why not from the Middle East, where they originated?"

Arabians, he said, can be used for racing, hunting, showing and jumping, and he thinks those bred in the Middle East should have an enhanced value abroad.

Other Breeding Programs

Similar Arabian breeding programs are getting under way at another Israeli kibbutz, Shaar Hagolan, in the Jordan valley, and at the new Cashvan Equine Center, associated with the Ben-Gurion University of the Negev.

Since he was a boy, Levron said, he has dreamed of raising pure Arabians and restoring their prominence here. Now, he said he saw his dream coming true.

"I'm proud of Israel, and I'm proud of my horses," he said. "The two belong together."

Tourism

Kléber Firm Will Close Guidebook

By Frank J. Prial
New York Times Service

PARIS — The Guide Kléber, France's second-oldest hotel and restaurant guide, is going out of business. Founded in 1954 as Le Guide des Touristes Gastronomes, the book became the Guide Kléber in 1961. It never achieved the prominence of its principal competitor, the famous red-covered Michelin, which was first published in 1900 and first rated restaurants in 1926. The 1980 edition of the Kléber sold about 200,000 copies; the Michelin about 700,000.

The decision to cease publication was made by the Kléber Co. which, like Michelin, manufactures tires. In fact, Kléber is owned primarily by Michelin and it was a recent influx of Michelin people into top Kléber posts that sealed the book's doom.

While the Kléber has partisans, an objective reader might have difficulty finding much difference between the two. The Kléber awards crowns to its favorite restaurants; the Michelin awards stars. The Kléber, this year, gave its top rating to 25 restaurants. The Michelin has 21 three-star restaurants. Most of the restaurants on both lists are the same.

The Michelin guide depends on 12 full-time anonymous inspectors, working with the help of about 300,000 letters a year. The Kléber worked with about 100 part-time correspondents whose reports were correlated in Paris by the guide's editor, Jean Didier.

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DG BANK Consolidated Balance Sheet (Condensed) as at December 31, 1980. Assets: Cash in hand 166.2, Bills receivable 453.8, Due from regional cooperative banks 8,453.0, Due from other banks 17,192.0, Treasury bills 211.2, Bonds and notes 5,945.9, Due from non-bank customers 13,101.6, Long-term mortgage loans 17,465.4, Premises and office equipment 116.6, Other assets 1,896.3, Total 65,302.2. Liabilities and Shareholders' Equity: Due to regional cooperative banks 14,564.9, Due to other banks 22,288.6, Due to non-bank customers 3,191.6, Bonds and notes issued 18,880.7, Pre-issue sales 1,566.5, Long-term borrowings in mortgage banking business 1,811.8, Other liabilities 1,762.9, Minority interests 7.9, Shareholders' equity after allocation to published reserves 1,197.8, Consolidated profit after allocation to published reserves 29.5, Total 65,302.2.

DG BANK Consolidated Statement of Income (Condensed) for the Year Ended December 31, 1980. Expenses: Interest paid and related expenses 4,736.8, Commissions and fees paid 73.0, Write-offs and value adjustments on loans and investments, provisions for possible loan losses 7.5, Personnel expenses 134.5, Operating expenses 90.7, Taxes 30.9, Other expenses 51.6, Net income for the year 69.4, Total 5,194.4. Income: Interest earned and related income from lending and money market activities 4,549.9, Current income from bonds and registered loans and from investments in subsidiaries and affiliated companies 431.4, Commissions and fees earned 103.8, Other income 109.3, Total 5,194.4.

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Chaos in Iran

The reigning order in Iran today is chaos. Ayatollah Ruhollah Khomeini presides, but there is no direction. The bomb that killed President Mohammed Ali Rajai, Premier Mohammed Javad Bahonar and five others, was only the latest event in an extraordinary chronology of violence, which has substituted for politics in Iran in recent months.

Consider this partial listing of political killings since the dismissal of Aholhassan Bani-Sadr as president on June 22: A hominid killed six in Qom; the director of Evin prison was shot to death; Ayatollah Mohammed Beheshti and 73 others died when a bomb exploded at Islamic Republican Party (IRP) headquarters; 13 persons were killed in political fighting in Kermanshah; a high official of the IRP, who was also a member of parliament, was assassinated, and the Friday prayer leader of Kermanshah was killed. The list is incomplete and it does not take account of the wounded. Security obviously, is not the mullahs' strong suit.

Of course, it is not only the opposition that kills. During the same period the government

is reported to have executed between 600 and 800 Iranians for the catch-all offense of "corruption on earth and crimes against God," which in practice means anything from being a member of the leftist Islamic Mujahaddin to belonging to the Baha'i religion or committing adultery.

As far as the outside world is concerned — such matters as the stalled war with Iraq or the need to increase oil production — who can say what the next hatch of Iranian leaders will do? The future is as murky as the past is bloody. It is a toss-up whether the Islamic regime is more chaotic than the fragmented opposition, which includes groups headed by an ex-admiral of the shah's navy, the last premier under the shah and the irrepressible Mr. Bani-Sadr, who told Richard Eder of The New York Times last week that if five men were killed, the Iranian regime would collapse. Two of the five are now dead, but there's no way of knowing what kind of a prophet Iran's former president will turn out to be.

INTERNATIONAL HERALD TRIBUNE.

Posturing on El Salvador

Secretary of State Alexander M. Haig Jr. renewed his denunciations the other day of terrorism by leftist guerrillas in El Salvador. Simultaneously, France and Mexico were extending a sort of semi-recognition to the guerrillas as a "representative political force." Their announcement illustrates an abiding principle of world politics: When U.S. diplomacy becomes assertive, other governments frequently look for public gestures by which to disassociate themselves from it. In this case, the price of the gesture is likely to be paid by the unhappy people caught in the midst of the fighting.

In France, a Socialist president has been elected by an alliance of the traditional left with a lot of voters who simply didn't like his predecessor. That produces a hybrid foreign policy. On the vital questions of European defense and Soviet relations, President Francois Mitterand is firm and unsentimental. But on El Salvador he has taken an inexpensive opportunity to demonstrate to the French that his heart is, after all, with the left. In Mexico, the government is moving toward elections. The style of its self-perpetuating ruling party is to remain well to the right on internal matters, particularly in anything involving economics, but to balance it by a dramatically leftist approach to foreign affairs.

Perhaps it will occur to you that all of this

explanation has less to do with the realities of the warfare in El Salvador than with the pressures of domestic politics in other countries. Unfortunately, Mr. Haig invites this kind of a response when he persists in presenting the fighting in stark terms of a struggle of forces of light and darkness. Cuba is demonstrably an important source of weapons to a guerrilla movement. But to cut off the Cuban shipments would probably not, by itself, end the fighting. To overstate the Cuban influence is an error of perspective — similar to, although less gross than, the error of those Europeans who say that the guerrillas are merely good Socialists like themselves who believe in democracy, civil liberties and social progress.

The first effect of the French-Mexican gesture will be to encourage the guerrillas. The second effect will be to increase the sense of isolation within El Salvador's government, and its dependence on security forces over which its control is already inadequate. The ultimate effect will be to increase the desperate determination on both sides to press for a military solution, regardless of the casualties and the desolation of the country. The present display of international posturing is profoundly unhelpful to any attempt to restore peace under a stable government representing a majority of the people who actually live in El Salvador.

THE WASHINGTON POST.

Air Strike Is Lost. Now What?

President Reagan has done it: He has proved that the air controllers' union could not extort a favorable wage settlement by stopping the planes. But now that his victory is obvious, it's time to change strategy. Everyman's interest, that of the president, the strikers and the public, would now be served by offering to rehire the controllers — on the government's terms.

By refusing to cave in to this illegal strike, the president has set a commendable precedent that is already paying dividends in relations with other unions. Though many postal workers were said to be unsatisfied with the terms recently negotiated by their union leaders, the contracts have been ratified. Labor oratory has shifted noticeably from militancy to conciliation.

The air controllers' union is not about to admit that the strike is lost. It clings to the hope that controllers from other countries will disrupt traffic, forcing the administration to the negotiating table. And in any case, the union hopes that public concern over safety might do the same.

But these are thin strands. A strike, the withholding of work, is labor's sword. When, week after week, the system works without the workers, their sword is broken.

The hard line has been the right one so far, but that does not mean it will continue to be. The United States could, if necessary, make do with limited air service until the air control system is restaffed from scratch. But it would be foolish to underestimate the costs of doing so — or overestimate the benefits.

The government says it will take about two years to bring the system up to full strength with new recruits. During that time the FAA plans to restrict flights to about 80 percent of normal. In parts of the country with light air

traffic, the impact would be negligible. On some routes, larger aircraft can make up for fewer flights. But there's no denying that many travelers will suffer costly inconvenience; last-minute reservations will be harder to come by, peak-hour service will be reduced.

Equally important, the public will lose the benefits of air deregulation. In the two years since federal regulation over routes and fares was relaxed, increased competition has cut the cost of flying and improved service between many cities. With more passengers competing for fewer flights, bargain fares are sure to disappear.

The public and the economy need not suffer these costs. There is an alternative to starting from scratch. The president could allow the strikers to apply for their old jobs and go back to their radar consoles. But there would be penalties.

They might, for example, lose their newly negotiated wage increase, their seniority and any perks earned by seniority. Those controllers who have worked through the strike would be rewarded with better pay and a faster track to the top. To insure that rehiring of illegal strikers does not encourage other illegal strikes, Patco, the strikers' union, would lose recognition as the controllers' bargaining agent.

If just half of the 13,000 strikers returned under these conditions, air service could quickly be restored to normal. There would be political benefits, too. Opinion polls suggest that the most Americans are behind the president, but are uneasy about the harshness of his actions.

The decision to fire the strikers was justified. Now, with victory in hand, there is every reason to temper justice with mercy.

THE NEW YORK TIMES.

International Opinion

A Blow to the Mounties

The somewhat tarnished legend of the Royal Canadian Mounted Police has been dealt a further blow by the report on their illegal activities.

For most Canadians, and for people elsewhere, the Mounties are almost a Canadian national symbol.

Mr. Kaplan, the solicitor general, blamed

an "institutionalized frame of mind." But Mr. Kaplan's predecessors in his office were, like him, responsible for the Mounties; and the force's security units reported directly to the prime minister in cases of emergency. So it is strange to find little suggestion that the government itself might bear part of the blame for the misdeeds of the RCMP.

— From The Times (London).

In the International Edition

Seventy-Five Years Ago

September 1, 1906

WARSAW — The funeral of Gen. Vonliarski, the acting military governor-general, took place yesterday. By order of the authorities all shops, house doors and windows were closed and the tram and cab services suspended. Troops lined the principal streets. Theatrical performances have been prohibited this evening. The funeral cortege was preceded by squads of mounted police and Cossacks, who had their fingers on the triggers of their revolvers or rifles. The people were warned not to look out of the windows, and the few groups met along the route of the procession were dispersed. The Herald correspondent denies the reported proclamation of a siege in Warsaw.

Fifty Years Ago

September 1, 1931

LONDON — The Labor ministers in the new national coalition government received another blow this morning when J.H. Thomas, secretary for the dominions and the colonies, was obliged to send in his resignation as secretary of the powerful National Union of Railwaymen, a position that made him rank as one of the foremost Labor leaders in the country. "I have resigned before being dismissed," Mr. Thomas said, with tears in his eyes, as he left the union meeting. He had been granted leave of absence without pay during his ministerial duties in the various Labor governments, but the union today decided that it could not continue his leave of absence to permit him to serve in the present government.



Plotting a U.S. Mineral Policy

By Stansfield Turner and George Thibault

Stansfield Turner, director of the Central Intelligence Agency during the Carter administration and a retired Navy admiral, is currently a consultant in Washington. George Thibault is head of the Department of Strategy at the National War College.

WASHINGTON — The growing U.S. dependence on foreign supplies of minerals is receiving much deserved attention from the Reagan administration. Manganese, chromium, cobalt and a few other minerals are virtually indispensable in certain industrial processes, yet we must import almost all that we consume. Dependence on foreign sources, however, is not the same thing as vulnerability. The United States is not as vulnerable to blackmail in strategic minerals as is commonly portrayed.

The degree of our vulnerability is worth examining as we pass judgment on the kind of measures that are being proposed today: hundreds of millions of dollars for stockpiling; tax incentives; changes in federal land policy; depreciation allowances to encourage exploration at home; changes in ecological standards for manufacturing; and adjustments to our foreign policy with respect to nations that are vital sources of supply.

Examine the Options

We should, indeed, examine such options, but we need not do so with a sense of near panic. Our common heritage of protected wilderness areas and federal lands is at stake, as well as decades of careful planning to preserve them. Our relations with nations large and small that have been dependable suppliers of minerals for many years are also at issue. We should take time to develop a sensible minerals policy that will meet the administration's objectives without affecting adversely either our environment or international relations. Here are some of the facts:

The world is not running out of natural resources. Proved reserves, which are most often used in forecasts of scarcity, ignore the almost daily discovery of new reserves of most resources. As the need increases, private incentive to find and develop new reserves increases also.

The Bureau of Mines, for example, has reported that proved world reserves of chromium, which is essential to the metals industry and 100 percent of which is imported, have increased by 248 percent in the last decade alone. Similarly with manganese, 98 percent of which is imported and for which there are no practical substitutes in the production of iron and steel, there are over 200 years worth of land reserves of manganese at current use levels, as well as extensive untapped ocean floor deposits.

The best analytical data indicate that there will be plenty of minerals available for all known uses into the next century.

Demand is not constant. The advance of technology increases the use of some minerals while lessening the use of others, making yesterday's scarcity tomorrow's glut.

A study in 1974 by Arthur D. Little for the Navy, "Dependence of the United States in Essential Imported Materials to the Year 2000," said, "The United States has the resources necessary to obtain self-sufficiency in most essential materials... even for those few minerals which may not be in adequate supply, substitute materials and technological development of new production processes are expected to fill the gap."

Embargoes Unlikely

Some minerals are virtually interchangeable in their industrial applications, such as gold and platinum, nickel and cobalt. The use of the one rather than the other is largely controlled by the marketplace.

Embargoes are unlikely. Numerous studies have pointed out the unlikelihood of sustained deliberate embargoes. The Organization of Petroleum Exporting Countries, of course, did embargo oil in 1973, but no combination of mineral-supplying countries seems likely to be able to develop as a similar cartel. One reason is that embargoes generally do not make economic sense, especially for developing nations. It is in their interest to sell regularly and at the best price. This may be their sole source of foreign exchange. In fact, as supplier nations become accustomed to having this source of foreign exchange, their appetites grow and they usually try to increase production and exports. Basically, though, there are just too many alternative suppliers in the field of minerals.

Manipulation of prices is unlikely. The real damage OPEC has done was not from the 1973 embargo, but from the price increases in 1974 and 1979. With minerals there is no such leverage available to a potential cartel. The total cost of mineral imports to the United States is so small that even a major change in pricing would not have a substantial effect on our economy. For example, we spend \$4.5 billion on oil; the largest mineral import is iron ore at \$1 billion.

Seabed Nodules

The United States has large untapped reserves, as well as respectable stocks of most minerals. Economics and politics are the major reasons why U.S. reserves have not been developed. For example, the boundaries of a cobalt mine in Idaho were redrawn outside of public lands so that its potential could be tapped, but its owners chose not to open the mine because it is cheaper to import cobalt from Africa.

Large reserves of cobalt as well as manganese exist in deep seabed nodules which the United States may be the only nation technologi-

Finding U.S. Alone With South Africa

By Flora Lewis

PARIS — The new U.S. attitude of "even-handedness" after South Africa's deep raids into Angola is short-sighted.

There are moral questions, quite unasked by Washington's condemnation of "all acts of violence in the area." But the stand is also a regressive move likely to undermine American interests not only in Africa but within the Atlantic alliance.

It's not surprising that the Soviet ambassador showed smug pleasure when the U.S. representative refused to denounce Pretoria's act in the United Nations on Saturday. The Angolan developments have reversed the anti-Soviet line-up that followed the invasion of Afghanistan and isolated the United States.

Off the Hook

Before the Reagan administration, the United States had accepted UN recognition of Angola-based SWAPO (South-West Africa People's Organization) as the legitimate representative of the people of Namibia. It played an active part in proposing a settlement with UN-supervised elections, endorsed both by SWAPO and South Africa.

But Pretoria now refuses to apply the plan, hoping the United States will let it off the hook. Pretoria doesn't claim rights to Namibia, a vast territory between South Africa and Angola with a population of only 1 million, 10 percent of which is white. It has administered the former German colony since it got a League of Nations mandate in 1920. But in 1976, 10 years after the United Nations revoked the mandate, South Africa agreed to grant independence.

Ever since, the bush war is about how power is to be transferred. On the assumption that SWAPO would win elections, Pretoria has been trying to arrange a system that would assure its continued dominance. The country's natural resources, including the world's biggest uranium mine, are not the reason behind this strategy. South African officials have said, doubtless correctly, that military expenses far exceed financial benefits derived from Namibia.

Nothing to Fear

South African Ambassador Jacobus Eksteen went to the key point when he said the states of black Africa have nothing to fear from South Africa if they choose peaceful coexistence over escalating conflict. In other words, South Africa won't bother them if they give up the campaign on apartheid.

Nobody does, or should, expect that. After the breakdown of the Geneva conference in January, America's allies grew worried that diplomatic might be the highly coveted Namibian issue would both damage their relations with the rest of Africa and escalate the East-West struggle on the continent.

At the request of West Germany, foreign ministers of the Western "contact group" held a meet-

ing during the Ottawa summit on getting a Namibian solution back on the rails. They were encouraged when Secretary of State Alexander M. Haig Jr. pledged that the United States would help draft additional compromise proposals.

Cuban Drain

There has been little mention lately of Jonas Savimbi's UNITA guerrillas, backed by South Africa in his fight against the Marxist Angolan government. But they and the nearby South African forces in Namibia are the main reason Angola keeps the Cubans, who are a severe economic drain.

If anything, the deep raids are likely to increase Angolan reliance on Soviet arms and proxies. This is obviously against U.S. interests. But it will stiffen Pretoria's grip on this cowardly regime's support in Namibia. The U.S. is more than a dangerous East bloc presence, as well as a buffer to the South African way of life.

The Organization of African Unity has warned of mounting danger to peace in the region. Most of its members are no more eager to see more Soviet arms and proxies in Africa than is the United States. But the Cuban charge that the "U.S. bears prime responsibility for this cowardly aggression" by South Africa may sound more persuasive to non-Communist Africans after Washington's indulgent stand.

Strained Ties

There won't be any better way out than pressing hard for Namibian elections. Both South African and SWAPO leaders have admitted their war can't be won. But it can drag on and be escalated.

U.S. refusal to stick to a clear position only sharpens the situation and raises doubts about Washington's understanding of its interests as well as common allied interests.

David Wan of Chatham House, London's counterpart to the Council on Foreign Relations, wrote last week that Angola adds a strain on the Atlantic alliance.

The show of U.S. bravado in the Libyan plane incident and the decision to produce the neutron warhead because, in Defense Secretary Casper W. Weinberger's words, "the allies can't be allowed a veto over U.S. defense policy," led Mr. Watt to conclude: "The administration has still not grasped that if it demands unwavering support and economic sacrifice from friends, it must accept some limitation on its own freedom of action."

A High State Department official confided recently that U.S.-European relations have not been so poor in 30 years. Both sides have contributed, but it's not in the interest of the United States to let things get worse.

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On Turning Water Into Vinegar

By George F. Will

ASPEN, Colo. — Although hikers sometimes try, you can not live by granola bars alone. Hikers out here like to live by nature's sweetest drink, water dripped from high mountain streams. But even that may be becoming problematic.

It is not surprising that fish in Adirondack lakes are being killed by rain which, falling through the smoky air of the Northeast, acquires the acidity of lemon juice. But now some high Colorado mountain lakes and streams receive rain and snow with an acidity almost as strong as raw vinegar.

So even clean-air policies are, in a sense, water policies. And water policies will become national preoccupations in this decade.

One-quarter of the water used in the United States depends on ancient underground deposits — aquifers — built up over millennia but depletable in decades. The nation's estimated 59,000 million gallons of ground water are 45 times the volume of Lake Michigan, and many times the amount of water that has flowed from the Mississippi into the Gulf of Mexico in the last 200 years. But between 1950 and 1980, annual consumption of ground water more than doubled to about 25 trillion gallons. Every day the nation takes 21 billion gallons more from the ground than seeps back into deposits.

The thickness of major water beds varies from 200 to 1,000 feet, and in Texas and Kansas the water table has been falling between two and five feet a year. California farmers are pumping 2 million acre-feet (652 billion gallons) more than is replaced each year. In parts of California's San Joaquin valley, the land has sunk 29 feet as groundwater has been pumped, and the compression of the land makes it impossible to fully recharge the aquifer.

As fresh water drains from aquifers, salt water from oceans or underground salt deposits can seep in. Small amounts can make aquifer water undrinkable for millennia. Waste from feedlots, fertilizers and pesticides and erosion from farmland, and bacteria from sewage pollute groundwater. Salt spread promiscuously on icy highways finds its way into aquifers. In many Massachusetts communities people on low-sodium diets are advised to drink bottled water.

The Ogallala aquifer, with a volume equivalent to that of Lake Huron, serves hundreds of millions of farm acres in Nebraska, Kansas, Colorado, New Mexico, Oklahoma and Texas. Irrigation takes more water from the Ogallala than the entire flow of the Colorado River, but in five of the six states irrigated acreage is declining, and the aquifer may be effectively exhausted in 40 years.

An average of 4.2 trillion gallons of precipitation falls on the contiguous 48 states daily, but 92 percent evaporates immediately or runs off, unused, to oceans. More water must be captured for use and more used water must be recycled. And agriculture, which accounts for 87 percent of used water, must use it more efficiently. Today, unreasonably cheap water encourages, for example, wasteful "flood irrigation." The runoff washes into streams hundreds of thousands of pounds of mineral salts which accumulate in, and damage, lands that use the water downstream.

U.S. agriculture, the principal sustainer of the nation's standard of living, is among the most science-intensive industries. It will — when spurred by rising prices — make extraordinary efficiencies in water use. Already some Western fields are fitted with little reflectors that enable lasers to guide graders that level fields to within a one percent variation, thereby

minimizing runoff. This and other technologies should enable water savings of 20 to 50 percent.

What is less certain is a sensible water policy from Washington, where at least 70 congressional committees are involved. Furthermore, states are fiercely protective of their traditional rights regarding water. But the doctrine of "states' rights" is nowhere more anachronistic than regarding water, and not just in the West. For example, Boston, which loses about one-third of its water through leakage from its ancient system, has aroused resistance from Canada to pump more Connecticut River water.

But the Reagan administration is chock-full of Westerners blind to the connection, philosophical as well as etymological, between conservation and conservatism, property understood. The administration is apt to give less attention to Washington role regarding water, primarily a role of providing subsidized water for the West — a tradition dating from the days when westward migration had to be encouraged.

Out West, detestation of the federal government by "angry" rebels' stops well short of a desire for fewer reclamation dollars. And reverence for the market goes well short of a belief that users should pay market value for water.

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U.S. Debates Gold-Backed Dollar Monetarists Take Heat as Supply-Siders Build Campaign

By Caroline Adkinson

WASHINGTON — Four years ago, when the Republicans first proposed the Kemp-Roth supply-side tax bill, few people took the idea seriously. Today, the basic Kemp-Roth idea is law. Now the people who helped bring about last month's tax-cut bill are pushing for a return to the gold standard and many people are laughing again. But maybe not as hard. There is, after all, always the chance that opponents of the gold standard might find themselves outmaneuvered by supporters, just as theirs found themselves left behind over tax cuts. "The aim of supply-siders is nothing less than a commitment from the Reagan administration — and the Federal Reserve — to a path leading toward dollar convertibility" into gold, said Jude Wanniski, a strong backer of supply-side economics. Mr. Wanniski and a small group of conservatives have succeeded in focusing greater attention on the Gold Commission, set up by Congress last year to study the potential role of gold in the money system. Although gold proponents are in the minority on the commission and in the administration, they still hope to persuade the president, or the wisdom of their views. [The debate gained momentum Sunday when Murray Weidenbaum, chairman of the Council of Economic Advisors, said the Reagan administration is seriously studying the possibility of returning the United States to the gold standard, United Press International reported. "We have a gold commission, established by law, to study that question," he said in a television interview. "As a member of the commission, I assure you we are taking that assignment very seriously." [At the same time, Federal Reserve Board Chairman Paul Volcker, questioned on another television program, said the suggestion to peg the dollar to gold reflects "wishful thinking — that somehow there's some magic pill out there we can take, and if we only go back to the gold standard, have a big tax cut or

whatever the remedy is, we're going to get out of all our problems painlessly and easily." "That, I think, is an illusion," he said, adding that he would advise the president not to go back to the gold standard at this time. Ironically, the gold standard advocates have concentrated the fire on monetarists, who are heavily represented in the administration and whose goal of slowing money growth is a key part of President Reagan's economic program. The reason can be found in today's record high interest rates. Interest Fears Supply-side economists first claimed that large, multiyear tax cuts would revive the economy. But they and other Republicans now fear that if interest rates stay high, as they have this summer, they will strangle this revival. Other economists said all along that a boom was incompatible with falling inflation and interest rates. But supply-siders will not give up easily. Gold can bring rates down, some now argue. Arthur Laffer, architect of the notion that tax cuts can pay for themselves, said recently that monetary reform based on a return to the gold standard is 10 times as important for the economy as supply-side tax cuts. Rep. Jack Kemp, Republican of New York, co-author of the Kemp-Roth tax cuts and a chief political leader of the supply-siders, backs the gold movement. And New York businessman Lewis Lehrman, another supply-side guru, claimed in a recent interview that "the gold standard is the only technique by which you can establish a stable dollar and stable, low, long-term interest rates." But most economists believe the search for a painless route to lower inflation and interest rates — whether through large tax cuts or a return to the gold standard — is doomed. A gold standard is just one system for setting money policy. Many advocates believe it would ensure (Continued on Page 9, Col. 1)



A worker at a London precious-metals dealer melts down old jewelry into gold bars. Some Reagan officials believe pegging the dollar to gold, the supply of which grows relatively slowly, would help bring the money supply and inflation under control.

Two Top Banks Trim Prime Rate; Wall Street Prices Close Off 10.75

NEW YORK — The stock market got off to a strong start Monday after two major banks cut their prime rate to 20 percent from 20 1/2 percent. But later prices turned down and closed sharply lower on the belief the Federal Reserve would not relent on its tight credit policy. The Dow Jones industrial average gained six points in the first half hour of trading, but then changed direction and closed off 10.75, its lowest since July 2, 1980 when it hit \$76.02. Declines led advances by about 1,000 to 500 and volume rose to some 41 million shares from 38 million Friday. Chase Manhattan Bank and First National Bank of Chicago cut their prime lending rate, thus encouraging some investors. The small Mitsu Manufacturers Bank of Los Angeles also lowered. But analysts said investors were disappointed when the Federal Reserve early in the day allowed the fed funds rate to rise to 17 1/4 from 16 1/4. These moves had been anticipated since Federal Reserve late Friday reported a surprisingly large \$3.7-billion decline in the money supply, setting the stage potentially for lower rates. In the credit markets, the rise in the fed funds rate forced bond prices sharply lower, dealers said. The rise in the funds rate, coupled with news the Treasury will sell \$2 billion of cash management bills, on top of its already large

schedule of offerings this week, erased any technical support the market had, they said. Bond prices fell as much as 2 1/2 points, leaving the benchmark 13 1/2's at its record low of 94 1/4, while Treasury bill yields rose as much as 1/2 point. The White House responding to Wall Street was said President Reagan's economic policies will not take hold until later this year and that investors' doubts about the policies "will be cleared up in due course." Larry Speakes, the deputy press secretary, answering questions concerning published reports that recent sluggishness in the stock market could be attributed to uncertainty about the Reagan economic package, said the administration plans a special effort to promote Mr. Reagan's program on Wall Street. Mr. Speakes repeated the administration's prediction that the

budget deficit for fiscal 1982 will not exceed \$42.5 billion. Meanwhile, the Commerce Department reported that sales of new single-family homes increased 2.4 percent in July to a seasonally adjusted annual rate of 420,000, following a revised decline of 14.4 percent in June. Originally the department reported the June sales decline at 17.2 percent. Also, the Agricultural Department prices received by farmers dropped 2.1 percent in August after a 0.7-percent decline in July. In corporate news, White Motor Corp. said it has sold the rest of its heavy duty truck business to Volvo of Sweden for \$17 million cash and \$34.1 million in notes. Market Closed All financial markets were closed Monday in Britain for the August bank holiday.

U.S. Dollar Shows Strength Despite Cut in Prime Rate

NEW YORK — The U.S. dollar continued to strengthen Monday despite a drop in the prime rate. The dollar firmed to 2.457 Deutsche marks at midsession, dealers said. This compares with an opening of 2.430 DM and Friday's finish at 2.4415. Trading was very quiet and thin, reflecting the closing of the London market for a bank holiday, dealers noted. A rise in the federal funds rate to 17 percent from 16 1/4 percent at the opening contributed to the dollar's firmer tone. Dealers noted the dollar was weaker in Europe this morning in reaction to Friday's report of an unexpectedly large decline in U.S. money supply, but it rebounded in U.S. markets as operators covered short positions. News that the cut in prime rate by two major banks to 20 percent from 20 1/2 percent had little impact since it only reflected the recent easing in the cost of funds for banks, dealers said. In Zurich, gold closed at \$427.50 an ounce, sharply below the day's highs, but up from Friday's close of \$425.50. The price rose quickly to highs around \$435 shortly after the

opening of speculation that the assassination of the president and premier of Iran might sustain higher levels in the short term, dealers said. The price soon eased, they said. The recovery by the dollar in the afternoon contributed to gold's repace in levels in the \$425 range, dealers said. Dealers said the market still holds the view that U.S. interest rates will remain high for some time, partly reflecting the heavy borrowing needs anticipated for the Treasury in coming months. In New York, the dollar firmed above 2.45 DM around midday after the Treasury announced it would sell \$2 billion of nine-day cash management bills on Wednesday, adding to an already heavy supply of new government issues. The dollar gained to 2.1480 Swiss francs from an opening of 2.1345, while sterling slipped to \$1.8390 from \$1.8525. French Rate Reduction PARIS — The Bank of France cut its money market intervention rate to 17 percent from 17 1/2 percent as its tender to buy first category paper, money dealers said Monday.

Foreign Competitors Draw U.S. Warning

WASHINGTON — The Reagan administration intends to enforce U.S. antitrust laws against foreign businessmen if they attempt to reduce competition in U.S. markets, Attorney General William French Smith said Monday. "United States antitrust law stopped the threatened cartelization of basic world markets by our own firms earlier in this century. We do not now intend to dilute the force of those laws in discouraging U.S. firms or other firms with significant U.S. contacts from attempting to cartelize markets in which U.S. citizens buy," Mr. Smith said. His remarks were in a speech to a meeting of an international lawyers group, the Union Internationale des Avocats, at the United Nations in New York. A text was released in Washington by the Justice Department. His comments, to about 1,000 delegates from 40 countries, was the Reagan administration's first major policy statement on the issue of how American antitrust laws are applied on foreign transactions involving U.S. companies. The department's efforts to enforce U.S. antitrust laws against foreign firms has sparked some international wrangling in recent years. While the United States will make accommodations to ease foreign fears about the impact of the

Institutions Shed Oil Stocks in 2d Quarter

NEW YORK — Investment institutions turned even more bearish on oil stocks in the second quarter than they were in the first. Overall, however, the institutions were pouring money into other sectors of the market as the current quarter began. Changes in stockholdings by entities managing \$100 million or more of equities indicate that these institutions added almost \$3 billion of stocks to portfolios in the second quarter, according to data compiled by Computer Directions Advisors, Silver Spring, Md., for its quarterly service. Overly Bullish The group includes mutual funds, which were net sellers of \$727 million of stocks. The data suggest that banks, insurance companies, investment advisors and other large investment organizations were overly bullish in increasing their equity exposure. Standard & Poor's 500-stock index fell 2.3 percent in the second quarter and has slumped 5.5 percent since June 30. Despite their overall buying, the institutions were massive sellers of oil stocks for the second quarter in a row, disgorging \$3.4 billion of oil issues from their holdings. In the

first quarter, their net sales of oil stocks totaled \$1.4 billion. Morgan Guaranty Trust Co. again was a major seller of the energy issues. Computer Directions Data list it as shedding almost \$1.3 billion shares of Mobil, 718,000 of Exxon, 612,000 of Dome Petroleum, and 449,000 of Marathon. Other large reductions were made by Morgan in Amstar, Hess, Murphy, Noble Affiliates, Sohio, Texaco and such oil-service issues as Baker International, Schlumberger and McDermott. The institutions covered by Computer Directions are required to file changes in stockholdings each quarter with the Securities and Exchange Commission. The changes on holdings are valued at quarter-end prices. On June 30, these managers held more than \$485 billion of stockholdings, or 35.1 percent of almost \$1.4 trillion of corporate stock outstanding. Domestic oils came in for the severest drubbing last quarter, with more than \$1.8 billion sold out of portfolios. Net selling came to \$784 million in international oils, \$367 million in crude producer stocks, \$288 million in oil services and \$150 million in offshore drilling stocks. The professionals also were heavy sellers of semiconductor, fertilizer, gas pipeline, broadcasting, forest product and newspaper stocks. The biggest additions to holdings were in telephone and electric utility stocks, with net increases of \$1.2 billion and \$666 million, respectively. The managers also added to their holdings \$406 million of chemicals, \$397 million of office equipment, \$329 million of New York City banks, \$290 million of airline, \$263 million of regional bank and \$256 million of multiline-insurance stocks. The institutions were net sellers of \$60 million of their largest holding, International Business Machines, and reduced their second-largest position, Exxon, by \$269 million. After AT&T, the money managers' largest additions included \$202 million of Aetna Life & Casualty, \$191 million of Monsanto, \$169 million of Digital Equipment, \$167 million of first International Bancshares, \$164 million of General Motors, \$127 million of Procter & Gamble, and \$109 million of Du Pont. Conoco was their largest sale, with positions reduced \$1.1 billion. Other major reductions in holdings included Mobil, St. Joe Minerals, Exxon, Clark Oil & Refining, Texaco, Schlumberger, Raytheon and American Express.

Japan Firms Face Curb on Convertible Euromarket Issues

TOKYO — The Finance Ministry is acting to stem the flow of convertible bonds issued in Europe by Japanese concerns, but the informal controls will still allow for considerable growth in the volume of new issues in September, financial sources said Monday. The sources implied that the ministry's action may hold the volume of new Euromarket offerings in September to around \$1 billion. That would be below previous expectations for the month but nonetheless up from the \$460 million of new issues scheduled in August. Concerned about the possible impact on overseas capital markets of the recent surge of convertible bond offerings by Japanese companies, the ministry informally has notified securities houses that they will not be allowed to issue as many convertible Eurobonds as they and the issuing companies had sought, the sources said. Details of the ministry's notification were sketchy. \$1 Billion Ceiling The ministry "isn't saying clearly" what amounts of bond offerings will be allowed, an official at one leading securities firm said. An official at a major commercial bank said the ministry has issued no guidelines to banks. The securities firm official, however, confirmed "in general" local press reports that the ministry will allow only about \$1 billion in 20 offerings of convertible bonds to be issued in September, compared with \$1.6 billion companies were seeking to raise. A report in the Nihon Keizai Shimbun, an economic daily newspaper, added that, in particular, companies whose share prices have been rising sharply on the Tokyo

stock market recently will be asked to postpone planned offerings until after October. Sources said that convertible bonds issued by Japanese concerns in Europe in the April-June quarter came to about \$1.2 billion. Although that marks a jump of about 2 1/2 times the total of the year-earlier period, the three-month figure is below the amount that Japanese concerns had hoped to issue in September alone. Including Swiss-franc denominated bonds, which have accounted for nearly 40 percent of all convertible bonds issued in Europe lately, Japanese companies issued about \$500 million in bonds in Europe in June, sources said.

BUSINESS NEWS BRIEFS

U.S.-German Coal Project Reportedly in Danger

BONN — A proposed joint U.S.-West German coal gasification plant project in Wyoming is in danger of being canceled, a spokesman for project members Ruhrgas said Monday. He said the three companies equally involved in the project, Ruhrgas, Panhandle Eastern Pipeline subsidiary Wyoming and Pacific Gas and Electric decided preliminary work on the first stage of the project, budgeted at \$2.34 billion, and to postpone further planning of the project for an unspecified period.

Volvo Says Group Profit Fell in First Half

GOTEBORG, Sweden — Volvo, the Swedish automaker, said Monday its preliminary group profit, excluding the acquired industrial holding company, Beijerinvest, fell to 563 million kronor (\$108.06 million) in the first half of 1981 from 605 million kronor a year earlier. If Beijerinvest is included, profit totaled 704 million kronor. The company gave no direct comparison. Group sales excluding Beijerinvest rose to 12.54 billion kronor from 11.57 billion. Including Beijerinvest, sales were 18.85 billion. Second-quarter profit, excluding Beijerinvest, totaled 283 million kronor.

Paribas (Suisse) Is Silent on Ownership Rumors

ZURICH — A spokesman for Banque de Paris et des Pays-Bas (Suisse) declined to comment on Bourse rumors here that Swiss ownership of the Geneva bank might be increased. The shares of the French bank's Swiss subsidiary have risen by more than 9 percent in the last 10 days, partly on rumors that Swiss shareholders will increase their stake in the bank and possibly seek a majority, Bourse dealers said. Paribas (Suisse) is the largest member of the Paribas banking group outside of France and the largest foreign bank in Switzerland.

CURRENCY RATES

Table with columns for currency, rate, and date. Includes interbank exchange rates for Aug. 31, 1981, and Dollar Values for various currencies like Australian, Canadian, French, etc.

Advertisement for Bell International Limited Bankers. Text: 'NOW IS THE TIME TO GO FOR GROWTH WITH US \$ BONDS'. Includes a large dollar sign graphic and contact information for Bell International Limited Bankers.

Advertisement for RUTI (Resort and Urban Timeshares, Inc.). Text: 'NEW ISSUE August 20, 1981'. Includes details about 1,425,000 units, price of \$6.00 per unit, and a list of participating investment companies like Paulson Investment Company, R.E. Bolton & Co., Inc., etc.

Advertisement for Argentine Republic External U.S. \$ Bonds. Text: 'ARGENTINE REPUBLIC EXTERNAL U.S. \$ BONDS THE WESTON GROUP makes a market in all series'. Includes contact information for the Weston Group.

Table titled 'COMPANY REPORTS' showing revenue and profits for various companies like Australia, West Germany, etc.

Matthöfer Cuts Budget Plan Further

BONN — West German Finance Minister Hans Matthöfer has announced a proposal for an austere 1982 federal budget with government spending of 240.1 billion Deutsche marks, up by 3.9 percent over this year but reflecting a further cut of 700 million DM from the figure the Cabinet proposed July 30 as a guideline.



Hans Matthöfer

The proposal, made as Chancellor Helmut Schmidt's Social Democrats prepared for coalition talks Tuesday with the Free Democrats headed by Foreign Minister Hans-Dietrich Genscher, was seen as a move by Mr. Matthöfer to come nearer to the FDP position. Mr. Genscher has warned against extensive spending programs, particularly a controversial program aimed at easing unemployment.

The two parties had informal talks during the weekend on the budget, and the Cabinet is to vote on it Wednesday.

Mr. Matthöfer, in a letter to parties to the budget talks, said he proposes to maintain the original target of limiting 1982 government net borrowing to 26.5 billion DM down from about 34 billion DM this year. Net borrowing is seen falling consistently to reach 18.8 billion DM in 1985.

Mr. Matthöfer also said government spending would increase by an annual average of 4 percent in the years after 1982, reaching 268.7 billion DM in 1985.

No change is planned in the budget's major allocation, Labor Ministry spending, which would remain at 54.425 billion DM.

A total of 43.728 billion DM is to be allocated for 1982 military spending under the plan, a 4-percent rise from 1981 but a drop in inflation-adjusted terms that could approach 1.9 percent.

The plan provides for total savings in spending of about 10 billion DM and higher government revenue of 2.5 billion DM next year, the Finance Ministry said.

Flap in U.S. Over Savers Certificates Leads Chase to Drop Bonus Plan

By Sandra Salmans New York Times Service

NEW YORK — In a move that could set a precedent for other banks and thrift institutions, Chase Manhattan Bank has announced that it is abandoning a much-publicized 40-percent interest bonus for investors who sign up early for the government's new "All Savers" certificate program.

The program is scheduled to go into effect on Oct. 1. The move by the third-largest U.S. bank came in the wake of a warning by the Internal Revenue Service over the weekend that it had "substantial doubt" that the tax-free savings incentives contained in the new tax law would apply to the high-interest investment packages that banks have been offering.

An IRS spokesman said Sunday that a definitive ruling would be made "shortly."

Paul A. Volcker, chairman of the Federal Reserve Board, also expressed doubts Sunday about the legality of the high-interest savings plans. Tie-in plans in which extremely high rates are offered until Oct. 1 raise "very definite questions," he said, about whether Congress's intentions had been violated.

The Fed is the agency charged with enforcing interest-rate ceilings, he said, about whether during an appearance on the ABC-TV

news program "Issues and Answers." A Chase spokesman, Fraser Seitel, said that the IRS's announcement has introduced a good deal of uncertainty. He added that the decision is to pull the program until we get further clarification.

Mr. Seitel stressed that if the IRS decided not to act against the high-interest bonuses, Chase could reintroduce the program at any time before Oct. 1.

It was not clear what the impact on the program would be if the IRS should decide to deny tax-free treatment to "All Savers" certificates linked to high-interest bonuses, or whether such a decision would affect retroactively individuals who signed up for the program before the IRS statement.

"We're presuming that people already in the program will be all right," Mr. Seitel said, and that those already enrolled would be able to transfer their funds into the new certificates without penalty.

He added that a number of persons signed up last Friday, when Chase announced its 40-percent bonus.

Heavy Advertising Although Chase, which ranks behind only the Bank of America and Citicorp in assets, was the first to withdraw its program, other banks and savings and loan institutions were expected to reconsider their high-interest bonuses.

In the last week, many thrift institutions have been offering — and heavily advertising — interest rates as high as 50 percent on an annualized basis to savers up to Oct. 1, with the condition that the money then be converted into the one-year "All Savers" certificates authorized by Congress.

As a result of the unusual weekend IRS statement, potential investors have been left wondering whether to invest in the "All Savers" program.

"I'm not sure that customers already in the program might not be tainted," said Ray Gustini, associate Washington counsel to the United States League of Savings Associations. He suggested that such savers might have already had lost their right to tax-free treatment in the savings certificate program.

On the other hand, Mr. Gustini suggested, "there could be practical ways to get around the problem." One way out, he said, might be for savers to collect their interest and principal on Sept. 30 and buy "All Savers" certificates at another bank or thrift institution, or buy certificates at the same institution at a later date, such as Oct. 10.

The savings certificate program, intended to shore up the country's ailing thrift institutions, will permit individuals to earn up to \$1,000 in interest tax-free, and married couples up to \$2,000. By law, interest paid on the certificates will be equal to 70-percent of the rates on one-year Treasury bills, which market analysts expect to be anywhere from 15 percent to 17 percent.

However, if the higher interest paid before Oct. 1 is included, the total interest over the 13-month period that the money is on deposit would almost certainly exceed the interest permitted by law. Bankers insisted Sunday that the initial interest program and the savers' certificates were two different accounts. "This is a tempest in a teapot," said William O'Connell, the executive vice president of the savings association league. "We're talking about two separate accounts."

Mr. O'Connell, who complained that the IRS announcement "cast a cloud" over the entire savings certificate program, said he was confident that the problem would be re-

solved in favor of the savings institutions.

Thrifts Suspend Repurchases NEW YORK (Reuter) — Representatives of a number of savings and loan associations said Monday that they had ceased offering repurchase agreements that afforded high yields to customers signing up early for tax-saver certificates.

In New York, officials at Central Federal Savings & Loan Association, which was offering 36 percent interest through repurchase agreements, and Lincoln Savings Bank, which was offering 35 percent, said the offers were withdrawn until further notice.

Dollar Savings Bank, which offered 25 percent plus a 1-percent cash bonus, and United Mutual Savings Bank, which offered 18 percent plus a 1-percent cash bonus, also suspended the offers, officials said.

Japan's Vehicle Exports Rise in July

TOKYO — Japanese vehicle exports, spurred by a big increase in shipments to Africa, Canada, Australia and New Zealand, resumed their upward trend in July despite a decrease in shipments to the United States and countries of the European Economic Community, the Japan Automobile Manufacturers Association reported Monday.

It said shipments to Canada jumped a huge 141 percent, from 9,460 vehicles to 22,769. Japan has promised to hold total 1981 exports to Canada to a gain of not more than 10 percent over 1980. The association said exports to Africa in July jumped 89.3 percent from the year before to 55,482 units, while those to Australia and New Zealand totaled 36,910 units, a 20-percent year-to-year increase.

Japan's overall July increase followed a decline in exports in June for the first time in two years. Exports of 537,700 vehicles were nearly 2 percent above the same month last year and about 5 percent higher than the June figure.

Compared to July, 1980, Japanese vehicle exports to the United States in July this year fell by 5.4 percent, while shipments to the Common Market nations were down 13.4 percent following Japanese curbs on exports to those areas.

standard stabilizing our monetary system would be in for a surprise if the United States returned to gold, Mr. Ture added.

As economist Robert Lawrence pointed out recently, the long-term price stability between 1870 and 1914 — when gold reigned supreme — was bought at the cost of swings in employment and output that might not be tolerated in the United States today.

Moreover, although prices were

stable over decades, there were considerable swings from year to year. Wholesale prices in the United States were roughly the same in 1914 as in 1883, according to the Federal Reserve Bank in St. Louis. But in the meantime they had plunged by a third and then risen by half.

Small wonder that, in the words of a Washington economist, "we're all laughing" at the push for another gold standard. But, as he also pointed out, "everyone laughed at supply-side tax cuts until Reagan swept them through Congress."

Notice of Annual General Meeting of Shareholders of OPPORTUNITY FUND OVERSEAS N.V. (Established at 6 John B. Gonsiraweg, Curacao N.A.)

Notice is hereby given that the Annual General Meeting of Shareholders of Opportunity Fund Overseas N.V. will be held at the offices of the Company on September 22, 1981 at 2.00 o'clock p.m. for the following purposes:

- 1. Report of the Managing Director on the course of business and the management of the company during the fiscal year ended December 31, 1980.
2. To approve the annual accounts for the fiscal year ended December 31, 1980.
3. To approve, confirm and to ratify all acts taken by the management during the fiscal year ended December 31, 1980.
4. To elect a Managing Director and an alternative Managing Director for the ensuing year.
5. Any other business.

The official agenda of the meeting together with the annual accounts may be inspected by all shareholders at the offices of the Company.

Holders of registered shares shall be entitled to vote at the meeting in person or by proxy. Holders of bearer shares shall be entitled to vote at the meeting on presentation of their share certificate(s) or a voucher given by any of the company's representative banks stating that share certificate(s) in respect of the number of shares specified in the voucher have been deposited until the end of the meeting.

September 1, 1981

The Managing Director The Offshore Management Company N.V.

U.S. Supply-Siders Gear Up Debate Over Return to Gold Standard

(Continued from Page 7)

slow, steady growth of money and credit, which governments are otherwise unable or unwilling to promise.

Money could only be created if there were gold to back it, and as gold production rises only slowly, so money growth, too, would be limited. The slow money growth would lead to lower inflation, the argument goes.

But the Federal Reserve is already operating a tight, slow-growth money policy to fight inflation. Indeed, high interest rates are a direct result of this policy.

The demand for money and credit from a still-strong economy

cannot be satisfied by the restricted supply, so the price, or interest rate, has risen. But if interest rates are forced up because money is tight, it makes no difference whether money growth is limited by being tied to gold or some other money rule.

However, gold advocates argue that rates are high because people cannot trust the administration and the Federal Reserve to keep to anti-inflationary policies if these start to threaten growth and employment, rather than simply because money is tight.

If, on the other hand, the advocates continue, financial markets and wage bargainers were sure of Mr. Reagan and the Federal Re-

serve, they would accept lower interest rates and lower wage increases now in the expectation of lower inflation in the future.

The implication is that people will trust the government if there is a gold standard, but not otherwise.

But an administration that goes to a gold standard can lose that standard or abandon it, just as it can break a promise to balance the budget or cut money growth.

Financiers are likely to be just as skeptical of Mr. Reagan's ability to keep to a gold standard as they are of the government's commitment to keep money tight and fight inflation. And wage negotiators would probably pay as little attention to an announcement of a return to the gold standard as they do to promises of tight money.

From a practical viewpoint, a golden lid on money would work on the economy just as any other tight money policy: through restricting output and employment growth. Wage and price increases would collide with the limited supply of money. As the economy slowed under the impact of the credit crunch, firms would be unable to sell all they wanted, and some workers would lose their jobs.

Eventually this might lead to a slowdown in wage and price inflation. Meanwhile, there is little reason to suppose that people would be happier taking a gold-induced recession than any other kind.

Reagan officials would no doubt dearly love to believe that there was an easy escape from high

rates. But most have so far resisted the blandishments of the gold advocates.

Although Mr. Wanniski claims the issue divides monetarists and supply-siders, Mr. Reagan's most senior supply-sider, Treasury Undersecretary Norman Ture, said in an interview that he did not think the gold standard "had much to do with supply-side economics one way or the other."

"People who count on a gold

standard stabilizing our monetary system would be in for a surprise if the United States returned to gold, Mr. Ture added.

As economist Robert Lawrence pointed out recently, the long-term price stability between 1870 and 1914 — when gold reigned supreme — was bought at the cost of swings in employment and output that might not be tolerated in the United States today.

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Dollar Savings Bank, which offered 25 percent plus a 1-percent cash bonus, and United Mutual Savings Bank, which offered 18 percent plus a 1-percent cash bonus, also suspended the offers, officials said.

OECD Predicts Portuguese Economy Will Slow While Inflation Increases

PARIS — Portugal faces slower growth, higher inflation and a wider balance-of-payments deficit this year and next, the Organization for Economic Cooperation and Development said Monday.

In their annual report on Portugal the experts of the 24-nation body said the economic situation would deteriorate fairly sharply this year and during the greater part of 1982.

They forecast economic growth in Portugal of 3.5 percent this year and 3 percent next year, compared with 5.5 percent growth in 1980.

Inflation will rise to 18.5 percent this year from 16.6 per cent

last year, reflecting the easing of price controls and the higher cost of imported goods. Prices will continue to rise at the same rate next year, the report said.

The balance-of-payments deficit will widen sharply this year mainly because of the slowdown in world demand and will show only a slight improvement next year.

The OECD, which groups the leading non-Communist industrialized nations, said the Portuguese government should give priority to reducing the deficit. This is forecast at \$1.6 billion for this year and \$1.4 billion in 1982, compared with a \$1 billion shortfall last year.

DETROIT — Chrysler said Monday it has tentatively raised prices on 1982 model cars an average of \$622, or 7.7 percent over 1981 levels. But company officials strongly hinted that the price might be trimmed by the time the new models go on sale beginning in October.

The steep increase followed an announcement by General Motors last month that the average sticker price of its 1982 cars would be increased by \$617. Ford has not announced 1982 prices.

Chrysler, which has enjoyed increased sales but is still hungry for cash, apparently concentrated the price increases in its best-selling cars in an attempt to squeeze the maximum profit out of its sales.

GM, the industry's pricing lead-

er, said earlier the 1982 model year may mark a change in its normal pattern of ordering relatively small quarterly price increases.

GM's stiff tentative price increase also was seen as a tactic to encourage sales of leftover 1981 models.

GM meanwhile announced in Detroit on Sunday that it is extending its program of reduced interest rates on new-car loans through Sept. 23, the day before it introduces many of its 1982 models.

BMW Raises Prices MUNICH (Reuters) — Bayerische Motoren Werke said it was raising domestic car prices an average of 2 percent as of Monday.

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Table with columns for 12 months, 6 months, 3 months rates for various countries like Aden, Afghanistan, Africa, etc.

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NYSE Nationwide Trading Closing Prices Aug. 31

Tables include the nationwide prices up to the closing on Wall Street.

Main table of NYSE stock prices, including columns for stock symbols, prices, and volume. Includes sub-sections for 'Continued from page 8' and 'Tables include the nationwide prices up to the closing on Wall Street.'

U.S. COMMODITY PRICES

Table of U.S. commodity prices including Chicago Futures (Wheat, Soybeans, Corn), New York Futures (Cotton, Sugar, Coffee), and other commodities like Lumber and Pulp.

Market Summary

Summary table for NYSE Most Actives, showing top trading volumes for various stocks.

Dow Jones Averages

Table showing the closing values for the Dow Jones Industrial Average and other major market indices.

Standard & Poors

Table showing Standard & Poors indices and their corresponding values.

NYSE Index

Table showing the NYSE index and its performance metrics.

Odd-Lot Trading in N.Y.

Table listing odd-lot trading activity in New York, including stock symbols and volumes.

International Monetary Market

Table showing international monetary market data, including exchange rates and interest rates.

Commodity Prices

Table showing commodity prices for various goods like oil, grain, and metals.

Tokyo Exchange

Table showing Tokyo exchange rates and market data.

Floating Rate Notes

Table showing floating rate notes and their market performance.

Selected Over-the-Counter

Table showing selected over-the-counter market data.

Dividends

Table listing dividend payments for various stocks.

Monday's New Highs and Lows

Table showing new high and low prices for various stocks on Monday.

U.K. Firms See Weak Economy

Article snippet: U.K. Firms See Weak Economy. LONDON - Little change in Britain's sluggish economy...

Table of Toronto Stock prices, including various Canadian equities.

Toronto Stocks

Table of Montreal Stock prices, including various Canadian equities.

Canadian Indexes

Table showing Canadian market indexes and their values.

European Stock Markets

Table showing European stock market data for various regions.

European Options Exchange

Table showing European options exchange data.

Brussels

Table showing stock prices and market data for Brussels.

Milan

Table showing stock prices and market data for Milan.

Zurich

Table showing stock prices and market data for Zurich.

Frankfurt

Table showing stock prices and market data for Frankfurt.

Advertisement for International Income Fund, providing details on investment options and contact information.

Advertisement for Gold Options, detailing trading opportunities and market analysis.

Advertisement for Valeurs White Weld S.A., a Swiss investment firm.

Advertisement for European Options Exchange, listing various options contracts.

Advertisement for European Options Exchange, providing further details on trading.

Advertisement for European Options Exchange, detailing market conditions.

Advertisement for European Options Exchange, listing specific options data.

Advertisement for European Options Exchange, providing contact and service information.

Advertisement for European Options Exchange, detailing trading hours and fees.

AMEX Nationwide Trading Closing Prices Aug. 31

Table with multiple columns listing stock prices for various companies, including 12-month stock high/low, dividend yield, and closing prices. Includes a section for 'Tables include the nationwide prices up to the closing on Wall Street.'

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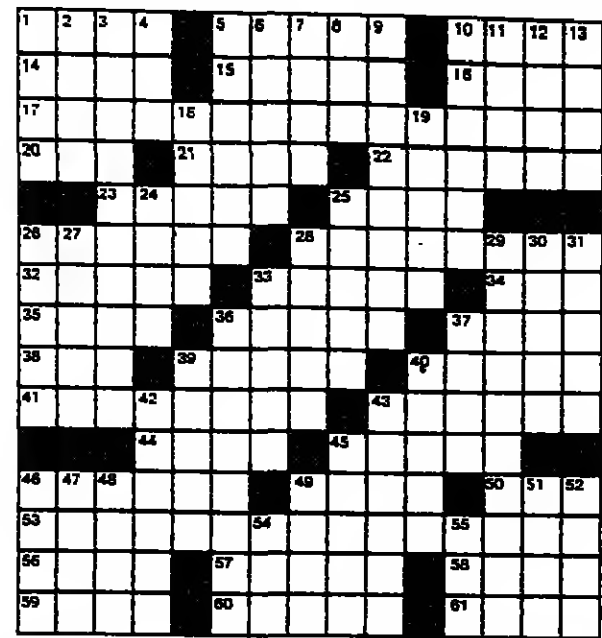
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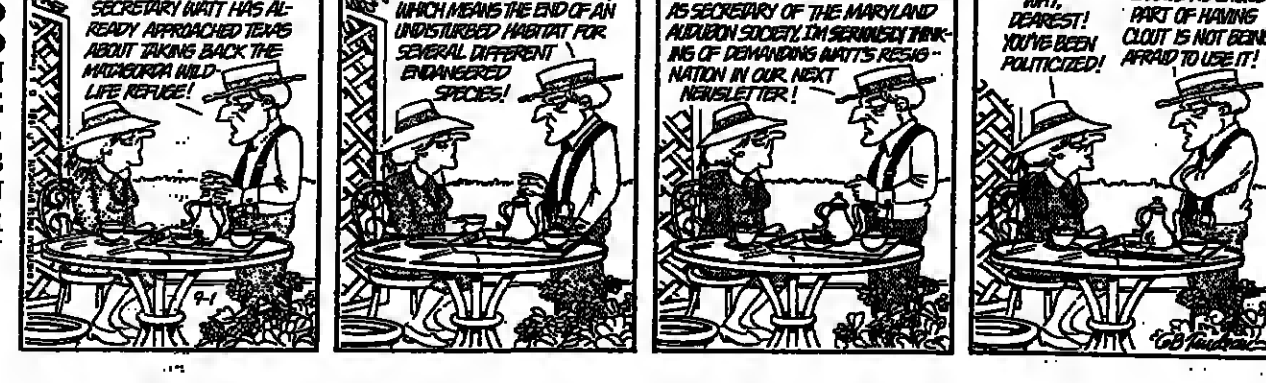
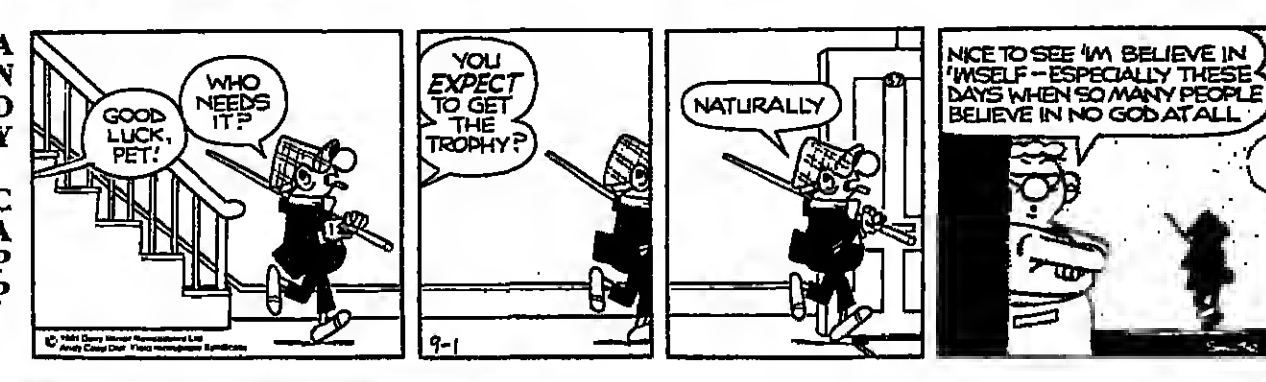
CROSSWORD By Eugene T. Malesska



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14 Admirer
15 Dote on
16 Window park
17 National Park in N.M.
20 Underground worker
21 Bad actors
22 Boat on a regular route
23 Resources
25 Region of SW Morocco
26 Jane Wyatt's "Star Trek" role
28 Effective; vigorous
32 Resembling a shortening
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34 Ethan Allen's brother
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36 Fall to follow suit: Var.
37 These come by the dozen
38 Black cuckoo
39 Biblical prophet
40 Satchmo specialty
41 Vistas
43 Bob or pageboy
44 One of the Maxwell
45 French cup

WEATHER table with columns for HIGH, LOW, and conditions for various cities like ALABAMA, ALABAMA, ALABAMA, etc.

ADVERTISMENT INTERNATIONAL FUNDS August 31 1981. Table listing various funds like ALLIANCE INT'L, BANK JULIUS BAER & CO, etc.



JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee. Includes word search grid and clues like 'CHURS', 'USSEO', 'TADISS', 'CANTIG'.

DENNIS THE MENACE comic strip panel 9: 'FORGET WHAT THE DOCTOR SAID ABOUT FIVE YEARS, MRS. MITCHELL, ACTUALLY HE'D LIKE TO SEE HIM AGAIN IN ABOUT SIX MONTHS.'

BOOKS CAMERA LUCIDA

Reflections on Photography By Roland Barthes Translated by Richard Howard. Hill Wang/Farrar, Straus & Giroux. 19 Union Square West, New York 10003. Reviewed by Andy Grundberg

DESPITE a spate of writings on photography in recent years... Susan Sontag's "On Photography," Janet Malcolm's "Diana & Nikon," Max Kozloff's "Photography & Fascination,"... "Camera Lucida" is not, however, the definitive reappraisal of photography that was anticipated...

Barthes' attempt to shift from a critical discourse to a more intimate mode is not fully accomplished... "Camera Lucida" reads like a battle between the two languages. Following his "old" manner, he categorizes the effects that photographs can have upon viewers...

Barthes' attempt to shift from a critical discourse to a more intimate mode is not fully accomplished... "Camera Lucida" reads like a battle between the two languages. Following his "old" manner, he categorizes the effects that photographs can have upon viewers...

BRIDGE solution to previous puzzle. Table with columns for NORTH, WEST, SOUTH, EAST and card suits.

BRIDGE By Alan Truscott. Text discussing bridge play: 'AGAINST five clubs doubled, West led the spade king, South won in dummy, led to the heart ace and cross-trick in the major suits...

Raiders Say Stabler's Association With Gambler Was a Factor in 1980 Trade

Veteran Quarterback Was Under FBI Surveillance; NFL Security Chief Plans Further Investigation

This article was reported by John M. Crawford and Wendell Davis Jr. It was written by M. Crawford.

OAKLAND, Calif. — Despite repeated warnings from executives of the Oakland Raiders, Ken Stabler, one of the most successful quarterbacks in professional football, persisted in his association with a well-known New Jersey gambling figure who is an associate of the Princeton-based Simone DeCavalcante organized crime family.

Inquiries by reporters in a half-dozen cities show that according to federal and local law enforcement officials as well as the Raiders, Stabler's association with the gambler, Nicholas Dudich of Perth Amboy, N.J., began and grew during his last four seasons with the Raiders. Oakland traded Stabler to Houston in 1980.

Stabler's relationships with gambling figures generated increasing concern within the Raider organization and with the team's owner, Al Davis, to the point that, Davis said in an interview, they became a factor in his decision to trade Stabler.

Davis resisted characterizing Stabler's activities while a member of the Raiders. "I would not deny to you that there was an association," he said. "You understand? I would not deny to you that I was contacted about it. I would not deny to you that I talked about it several times. I would not deny to you that I heard several of our people contact the

league office... and alert them to things. Since he led the Raiders to the Super Bowl championship on Jan. 9, 1977, Stabler, according to a variety of law-enforcement sources, has been subjected to physical surveillance and other investigations here and in Houston. All of the investigations, which have since been terminated, proved inconclusive, these sources said.

The investigations focused on Stabler's continuing associations with Dudich, a convicted bookmaker. East Coast law-enforcement officials specializing in organized crime identified Dudich as being associated with the DeCavalcante family.

Associations Not Illegal
Law-enforcement officials emphasized that such associations were by themselves not illegal and that Stabler had not been accused of any crime.

But the National Football League annually warns its players about avoiding gamblers. The NFL said it fears that such associations might encourage attempts by bookmakers and other gamblers to bribe players to influence the outcome of games.

At his home, Dudich, 63 on Monday, was asked if he knew Stabler. He told a reporter, "Get out of here." Asked if he had met Stabler, he said, "I don't know nothing." Asked again if he had met

Stabler, Dudich said, "I went to watch some football games, that's all."

Stabler surprised many people associated with and interested in pro football last month by announcing his retirement just as the Oilers were gathering at the team's summer training camp. But earlier this month he signed a two-year contract for an annual salary reported at \$400,000.

After an exhibition game with Dallas Saturday night Stabler would only say: "If the media would leave me alone and let me play football, everything would be all right. If you want to talk football, I'll talk football."

Davis said Stabler "did hang around with some people I didn't like." "We discussed it with him," he said. "We did get into arguments over it." Davis said Raiders officials "must have reported it to the league 15 times" between 1976 and 1980.

Pete Rozelle, the National Football League commissioner, said he had "never heard anything about" Dudich and had never been advised of his association with Stabler or any other NFL player. "I never got a report on anything of this kind," he said.

Rozelle declared that the league would now investigate the report of Stabler's contacts with Dudich. "We investigate anything like this that comes to the public's attention," Rozelle said, "and especially anything that questions the integrity of the individual players in question."

He said his staff would carefully review league files on Monday to see what information had been forwarded to the league or developed by the staff. "I'm sure Warren Welsh (who replaced Danahy) already is working on it," Rozelle said.

According to several former Oakland Raider team members and executives, Dudich, who has been arrested at least seven times in connection with gambling activities in the New Jersey area and who has two convictions on bookmaking charges, in 1948 and 1957, was first noticed by the Raiders during the 1976 season. In 1977, Dudich was a frequent visitor to the team's summer training camp in Santa Rosa, Calif., 40 miles north of here, where one player remembered that "this lonesome old man with lots of money."

Some former players remembered Dudich as being especially friendly with Stabler. LoCasale said it was the same year that he first contacted Stabler and his lawyer, Henry Pitts, that "this guy, according to information we have, is not someone you ought to be hanging around with." He said Pitts had simply replied, "OK."

Despite the warnings, several former players said, when the Raiders assembled for summer camp in 1978, Dudich also arrived in Santa Rosa and registered at the El Rancho Tropicana, the motel at which the team was quartered. As in the previous year, the players remembered, Dudich and Stabler were often seen chatting in Stabler's suite or dining at a nearby restaurant.

Another former player recalled that after the season began, Dudich was seen speaking with Stabler in the lobby of the hotel in Green Bay, Wis., where the Raiders were staying, and in the lobbies of the team's hotels in Chicago, San Diego, Kansas City and other cities where the Raiders were playing. In Seattle, one player said, Dudich told him he was waiting for Stabler.

Stabler, who completed 59 percent of his pass attempts in 1976 (then a record for accuracy surpassed only by one other quarterback, Sammy Baugh of the Washington Redskins, in the 61-year history of professional football), recorded his worst season in 1978, when 30 of his passes were intercepted.

In 1979, Dudich was seen in Canton, Ohio, where the Raiders played in the Football Hall of Fame exhibition game, and LoCasale said he made another report to the league of Dudich's presence. Dudich was seen again in the lobby of the Essex House Hotel in New York City two days before the Raiders played the Jets, asking several members of the Raiders "where's Kenny?" The Raiders, who were favored by professional oddsmakers, lost to the Jets, 28-19. Five Stabler passes were intercepted.

Curious Exchange

According to several former players, Dudich was not seen around the team again that year, but it was during that season that the association first came to the attention of federal investigators after an employee of an Oakland hotel reported Stabler and an older man standing together in the hotel's gift shop, apparently reading magazines.

The employee, who asked not to be named, said her curiosity was piqued by the fact that the two men were whispering to each other in an apparent effort not to be overheard. The woman, who was in Stabler's company on some social occasions, said she was standing about three feet behind the men. She was making a purchase at the newsstand. She said she watched them for several seconds before they separated. Neither bought a magazine.

to a Raider executive just minutes later and she described his reaction as "Upset, but not surprised. He said, 'What's he doing talking to that guy he knows he's not supposed to.'" The stranger, the employee said, was subsequently identified to her as Dudich.

When word of the reported meeting reached law-enforcement agencies, the FBI began an investigation of Stabler's association with Dudich that led to an FBI agent staking out the hotel lobby during the Raiders' remaining home games.

Federal sources in Washington said the investigation proved inconclusive, and the U.S. attorney in San Francisco ultimately decided that not enough evidence existed to open a federal grand jury inquiry.

When Stabler was traded by Davis to Houston, another federal source said, the investigation was passed along to the FBI's office in Houston, which continued the surveillance of Stabler but again with no conclusive result. The investigation was terminated last year.

But when the Oilers visited New York last fall to play the Jets, Dudich was seen by an Oilers player in an elevator at the team's hotel. The player, who is still with the Oilers, said he did not know if Dudich visited Stabler or any other player. The Oilers, who were favored, lost, 31-28, in overtime. Four Stabler passes were intercepted.

Also contributing to the reporting of this article were James F. Clariv and Marcia Chambers.

Patriots, With Grogan at the Helm, Seem Destined for the Super Bowl

By William N. Wallace

NEW YORK — The National Football League's 62d season begins on Saturday night in Tampa where the Minnesota Vikings play the Buccaneers. The season may be the last of its kind because next year will bring a new agreement with the players' association, one likely to change the league's structure if the athletes insist on their demands which include paying salaries from club's gross receipts and liberalizing free agent status.

A look at the 14 teams of the American Football Conference follows in the order of their expected division finish.

Eastern Division

New England Patriots

The Patriots (who had a worst record of 10-6 last year) failed to qualify for the playoffs in three of the past four seasons on account of late-season defeats. Steve Grogan, the quarterback, says, "Sometimes I think those wickets they burned in Salem put a curse on this franchise."

Grogan, although crippled by December and replaced by Matt Cavanaugh, had a splendid season and he expects another one. Vasek Ferguson, an impressive rookie a year ago, and the undrafted Don Calhoun will be the running backs, with Harold Jackson and Stanley Morgan the receivers. No other team can boast a pair whose average gains exceed 20 yards a catch.

The offensive line has two new starters, Pete Brock and Bob Cryder, who waited several seasons for deserved promotion. The conference's strongest defensive backfield returns and two rookies, Don Blackmon and Steve Clark, provide needed help up front. Blackmon is a likely starter at linebacker. This team is of Super Bowl quality.

Buffalo Bills

The Bills (11-5) last year had their best season since joining the NFL in 1970, and much credit went to Joe Cribbs, the rookie running back who gained 1,185 yards and caught 52 passes. The defensive unit gave up only 16.3 points a game, third best in the league, and the lineup will be duplicated. The 1980 offense is also complete.

Conrad Dobbs and Reggie McKenzie, 10-year guards, anchor the offensive line while Jerry Butler is the key receiver. The draft produced little help because the first choice, Booker Moore, is out for the year due to illness. He was to contest with Curtis Brown at fullback.

New York Jets

No one can guess what the Jets (4-12) might do. Reasons to anticipate improvement include the new assistant coach, Joe Walton, who gives the offense needed direction. Richard Todd, whose 30 intercepted passes led the league, will benefit from a more cohesive attack, one likely to be without Wesley Walker, the premier receiver, early in the season.

When half a dozen running backs are sorted out, Freeman McNeil, the top draft choice, should start at halfback with Clark Gaines at fullback. The seasoned offensive line will be a good one provided Jerome Barkum holds up at tight end.

Miami Dolphins

The Dolphins (8-8) accomplished the difficult task of quarterbacks from the older one, Bob Griese, to the new prince, Dave Woodley, to the astonishment of all including Don Stula, the coach. No one expected Woodley, an eighth-round draft choice, to do so well.

There are skeptics who want to see Woodley do it again over a 16-game season without help from the retired Griese, who is now his coach. In addition to Griese, other veterans from the Super Bowl teams were Larry Little, Bob Matheson and Tim Foley. Bob Kuechenberg, 33, continues to start at guard in his 12th pro season on an offensive line needy of more talent, notably at tight end.

Baltimore Colts

The Baltimore Colts (7-9), who have won only 17 games the past three seasons, had a good draft

and at least five rookies can be immediate assets.

Donnell Thompson, the first choice, will start at defensive end and Bubba Green, the sixth selection, possibly at tackle on a four-man line. The fullback and tight-end positions on offense can go to Randy McMillan from Pitt and Tim Sherwin from Boston College. Obed Akin from Clemson is to be the new kicker. In addition, David Shula, the former Dartmouth receiver and son of the Miami coach, may survive the final cut.

Central Division

Pittsburgh Steelers

The Steelers (9-7) missed playoff qualification for the first time in nine years but expect to be a formidable force even if Terry Bradshaw loses his interest on his

AFC PREVIEW

health. Cliff Stoudt, the replacement, did extremely well at quarterback during the summer.

With the all-pro receivers, John Stallworth and Lynn Swann, in good health again and Sidney Thornton the tested replacement for the retired Rocky Bleier, the Pittsburgh offense will be as potent as ever.

The defense, which gave up 118 more points in 1980 than in 1978, anticipates needed reinforcement from younger players like John Goodman and Bob Kohers, both pass rushers; Tony Washington and Bill Hurley, defensive backs, and Zack Valentine and David Little, linebackers.

Cleveland Browns

While achieving their first division title in nine years, the Cleveland Browns (11-5) had an amazing season. They won 11 of their last 14 games and led the six biggest rivals in what many regard as the league's most formidable division.

The coach, Sam Rutigliano, has said repeatedly, "The key to our success is Brian Sipe." Perhaps too much so. Sipe threw every one of Cleveland's 554 passes, completing 60 percent for 4,132 yards, and 30 went for touchdowns.

Jerry Sherk, the defensive tackle, has made another comeback, with his surgical knees sound again. He should help Lyle Alzado apply necessary pass rush so the line-backer backs are not overwhelmed. The Browns ranked last in pass defense statistics.

Cincinnati Bengals

Forrest Gregg's first season as coach of the Bengals (6-10) proved satisfactory after the team won three of its last four games. "We need more offense," says Gregg, but his team will be much the same.

Chris Collinsworth, the second draft choice, has beaten out David Verser, the first, and will start at wide receiver. Issac Curtis, when he gets over a muscle pull, will be the other one. Ken Anderson is again at quarterback, with Charles Alexander and Pete Johnson the running backs.

The 3-4 defense, which has three first round draft picks in the line, led by Ross Brown, could not stop the potent offenses; there are no evident improvements.

Houston Oilers

The best laid plans went awry for the Oilers (11-5) and their new coach, Ed Bills, who had been promoted after the owner, Bud Adams, dismissed Bum Phillips. Gifford Nielsen was to be the quarterback directing a more diversified attack but Nielsen damaged a shoulder and will be out until October.

So Ken Stabler, who announced he was retiring the day training camp opened, has been brought back and is to start the season. He is 35, immobile because of wobbly knees, and 28 of his passes were intercepted last season. The alternative is John Reeves, who has not played in two years.

Earl Campbell, who has gained 5,081 yards in three seasons, is now a halfback with Rob Carpenter the fullback in a pro set rather than an I-formation offense.

NFL Edition

Sunday's Game
New England 19, Washington 10

The defense, a strong one enlisting two Pro Bowl players in Robert Brazile, the linebacker, and Greg Stennick, the cornerback, is unchanged.

Western Division

San Diego Chargers

Late last season, the Chargers (11-5) played the Washington Redskins, a team going nowhere, and lost, 40-17. In spite of three pass catches to start in the Pro Bowl, Fred DeLoach, Gary Johnson and Louie Kelcher, the Charger defense had become "sterile," as Kelcher said. The Redskins, and later Oakland in the playoffs, completed short passes to the backs, thus beating the pass rush which led the NFL with 60 sacks.

There is nothing wrong with the offense. Chuck Muncie, the halfback, has looked so good that the team will run the ball more often. John Jefferson, the premier receiver, remains absent while seeking a contract renegotiation, but Dan Fouts still has plenty of catchers: Kellen Winslow, Charlie Joiner, Dwight Seales and Billy Brooks. Fouts last year passed for 4,715 yards, or 2.5 times as many yards as the runners gained.

Oakland Raiders

The Raiders (11-5) will open the season against Denver, fielding a lineup similar to the one that ended the last campaign so successfully with the easy victory over Philadelphia in the Super Bowl. There have been no retirements, one injury and just a few changes among second-line players as the coach, Tom Flores, makes room for rookies like Curt Marsh and Ted Wainwright, first-round draft choices.

Marsh is to back up 36-year-old Gene Upshaw, who is starting his 15th season at guard, and Watts will learn his trade behind Lester Hayes, the all-pro centerback. If the mature offensive line, sloppy at times in protecting Jim Plunkett during preseason, needs help Marsh could soon become a starter.

Kansas City Chiefs

The Chiefs (8-8) lost their quarterback, Steve Fuller, for at least a month when he underwent minor knee surgery recently. Bill Kenney, who did well in replacing Fuller for two games last year, takes over and the team has confidence in him.

A late quarterback change can be traumatic, but the Chiefs were to rely so much on their tough, young defense that the switch is tolerated. But if one of the defensive ends, Art Stull or Mike Bell, had been damaged then the season's start would be dreared.

Seattle Seahawks

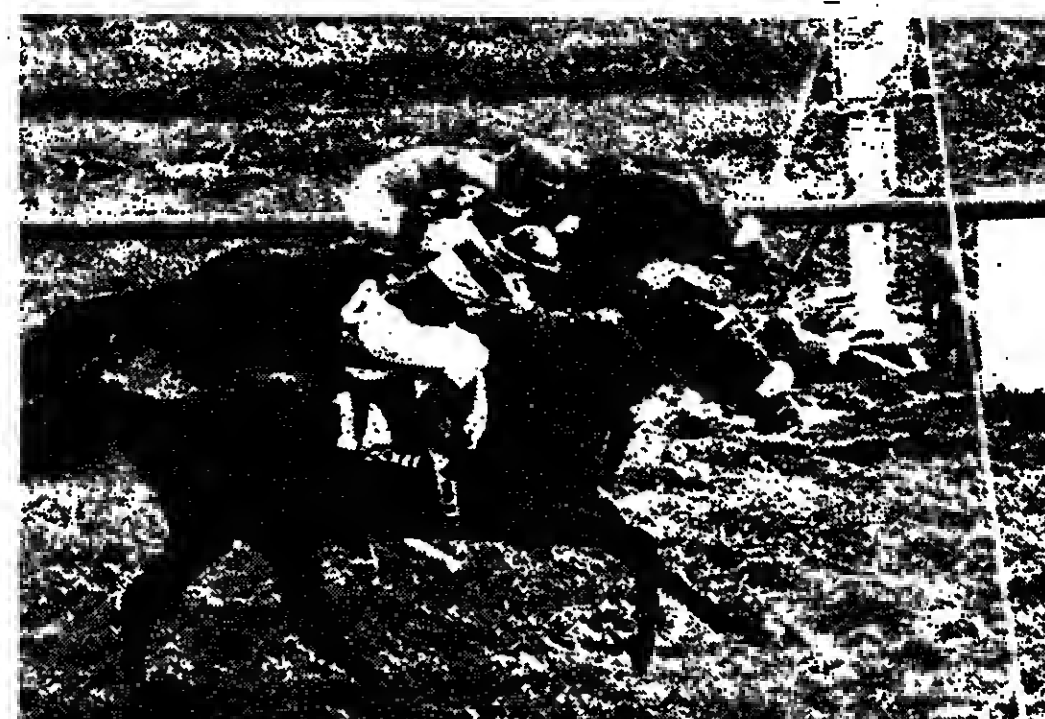
After a steady rise in the standings the Seahawks (4-12) had one of those shattering seasons that can destroy a team's confidence and cost the coach his job. Following a commendable 9-7 record the year before, Seattle lost 12, and all eight at home. But management stuck with Jack Patena, the only head coach of the five-year-old Seahawks. Patena can only guess what kind of team he will field because performances have been so erratic.

The offensive line failed to protect its quarterback, Jim Zorn, who was sacked 44 times. The best back, Sherman Smith, missed 13 games. He has returned and will pair with Dan Doornik while Zorn, the clever left-handed scannier, again has his favorite receiver, Steve Largent, who always gets open. But the line remains questionable as does the entire defense.

Denver Broncos

What's new with the Broncos (8-8)? The owner, the coach and the general manager are new but not many of the players. Edgar F. Kasler Jr., who paid \$3 million for the team, is the new owner. Dan Reeves the coach and Gandy Anderson the general manager. But Craig Morton, 38, will be the quarterback unless Reeves decides to gamble with the untied Jeff Knappe.

The coach was unable to accomplish desired changes on offense to add speed. So Dave Presto and Jim Jensen remain the running backs, with help from Rob Lytle and Haven Moses, Rick Upchurch and Riley Odoms the receivers.



John Henry (1-A) noses out The Bart in the Arlington Million.

John Henry by a Nose In Arlington Million

By Steven Crist

ARLINGTON HEIGHTS, Ill.

The richest horse in training and the most successful jockey in history teamed up to win the richest thoroughbred race ever presented Sunday as Bill Shoemaker drove John Henry to a nose victory in the inaugural running of the Arlington Million here at Arlington Park.

John Henry boosted his career bankroll by \$600,000 and his reputation just as far by uncharacteristically winning from far behind the pace. Eighth in the early going after breaking from the outside post in a field of 12, the gritty 6-year-old gelding flew over the soft turf down the stretch to catch The Bart, a 40-1 shot.

Sam Rubin, the New York bicycle importer who bought John Henry three years ago for \$25,000, stared at the tote board for the six minutes the "hot" finish sign stayed up. When John Henry's number was put up, Rubin jumped a foot off the ground and yelled, "I knew it! I was saying to myself all this time, 'I know we got him, I know we got him, and we did!'"

Camera at Angle

Many fans in the crowd of 30,657 thought that The Bart had won because the camera used for television monitors and replays here was about 25 feet to the right of the wire, giving a distorted view that favored the horse on the inside.

John Henry, coupled in the betting with stablemate Super Moment, returned \$4.00 to win. Madam Gay, a 3-year-old filly from England, finished third, 2 1/4 lengths behind The Bart and half a length ahead of Ken to Contend, the early leader. The time for the mile and a quarter over the muddy course was 2:07 and three-fifths.

Rogers Captures Golf World Series

United Press International

AKRON, Ohio — Bill Rogers rolled in a 12-foot birdie putt on the final hole Sunday to break a tie with Tom Kite and win the World Series of Golf.

Rogers, the British Open champion, started the day two shots behind Hale Irwin, the third-round leader. But he battled Irwin and Kite shot-for-shot on the final seven holes before making the clutch putt that earned him the \$100,000 first prize.

Rogers' 34-33-67 Sunday gave him a 72-hole score of 5-under-par 275 on the 17,173-yard, par-70 Firestone Country Club layout. Kite also had a final-round 67 to finish at 276, and Irwin, who shot a 72, ended at 278, tied with Isao Aoki, who had a 67.

Kite, three shots behind when play began and playing in the group just ahead of Rogers, missed a similar birdie opportunity on the 464-yard, par-4 18th hole, and settled for second-place money of \$55,000.

Ramirez Leads Mexico To Birth in Davis Cup

United Press International

TIJUANA, Mexico — Raul Ramirez, a 21-year-old tennis player, led Mexico to a 6-1 victory over Switzerland in a Davis Cup qualification tournament.

Ramirez' victory put Mexico into the main draw of the 1982 Davis Cup. Mexico and Switzerland were eliminated in the opening round of the 1981 Davis Cup.

Transactions

BASEBALL

MINNESOTA — Traded Jerry Kosman, pitcher, to the Chicago White Sox for Ivan Asano and Ray Ferrer. Asano (undisclosed amount of cash) and a player to be named later. Asano was with the White Sox last season. Asano was traded to the White Sox last season.

OAKLAND — Recalled Dave Stolarski and Bud Baker, pitchers; Don Ferra, catcher; Jim Moyer and Paul Senne, infielders; and Dave Henderson and Kim Allie, outfielders; from Seattle of the Pacific Coast League. Assigned Steve Barlow and Rick Anderson, pitchers, to Seattle.

OAKLAND — Recalled Dave Stolarski, pitcher, from Tacoma of the Pacific Coast League. Assigned Dave Heverly, pitcher, to Tacoma.

PHILADELPHIA — Recalled Jim Rouse, pitcher, from Houston.

PHILADELPHIA — Recalled Jim Rouse, pitcher, from Houston.

Indians Triumph on 10-Run 8th

From Agency Dispatch

CLEVELAND — Chris Bando drove in four runs, including the go-ahead run in a 10-run eighth inning, to lead the Indians to a 17-11 victory over the Seattle Mariners Sunday. It was the fifth consecutive victory for the Indians and 10th loss in a row for the Mariners.

The Mariners had taken an 11-7 lead on Joe Simpson's four runs

BASEBALL ROUNDUP

batted in, including a two-run homer. The Indians rallied in the eighth on four doubles, three singles and three walks.

Duane Kuiper lead off the inning with a pinch-hit double and scored on Pat Kelly's pinch-hit double off the right field fence. Shane Rawley replaced reliever Dick Drago, and Miguel Dilone singled home Kelly. Jorge Orta doubled Dilone to third and Mike Hargrove was intentionally walked to fill the bases. Bo Diaz batted for Von Hayes and hit a two-run single to tie the score, 11-11. After Toby Harrah was walked to reload the bases, Bob Galasso replaced him.

Astros to Reactivate Pitcher J.R. Richard

The Associated Press

HOUSTON — J.R. Richard, who fell to the Astrodome turf with a near-fatal stroke last summer, was to be reactivated Tuesday, the Astros announced.

He's ready to be activated and he said he'll go along with any decision we make," said Bill Virton, the Astros manager. "I told him it just depends on what happens down the road. If the right circumstances arise, he may pitch Tuesday. If not, it could be Sept. 25."

Richard, who could not feed himself when he started his recovery, reported to spring training on schedule last February and has improved steadily.

Major League Standings

AMERICAN LEAGUE

Team	W	L	Pct.	GB
Detroit	12	6	.667	—
Baltimore	11	8	.579	1 1/2
Boston	12	7	.630	1 1/2
Minnesota	10	10	.500	3 1/2
Los Angeles	10	10	.500	3 1/2
Toronto	8	10	.444	5 1/2

NATIONAL LEAGUE

Team	W	L	Pct.	GB
St. Louis	11	6	.647	—
Montreal	11	7	.610	1
Chicago	11	9	.550	2
New York	11	9	.550	2
Philadelphia	6	13	.310	6 1/2
Pittsburgh	4	15	.263	8 1/2

rawley (2-5) and Bando grounded out to the second baseman unassisted to score Hargrove with the winning run. After Rick Manning barked, Kuiper greeted reliever Brian Clark with a two-run double.

Tigers 6, Twins 1

In Bloomington, Minn., Jack Morris won his 10th game, his first triumph since June 10, and Kirk Gibson and Lou Whitaker each had three hits to lead Detroit to a 6-1 victory over Minnesota.

A's 5, Red Sox 3

In Boston, Cliff Johnson, Mickey Klutts and Jeff Newman had home runs as Oakland ended a 10-game Fenway Park losing streak with a 5-3 victory over Boston. Steve McCarty (9-6) allowed only four hits, including a three-run homer by Dwight Evans, in helping the A's salvage the finale of a four-game series.

Yankees 5, White Sox 1

In Chicago, Rudy May broke a personal seven-game losing streak with a five-hitter in pitching New York to a 5-1 victory over Chicago. It was only the Yankees' fifth complete game of the year and the third by May (5-8).

Brewers 6, Rangers 2

In Milwaukee, Pete Vuckovich won his 10th game of the year and Robin Yount had a two-run single as Milwaukee beat Texas 6-2. Vuckovich (10-3) allowed seven hits over 8 1/2 innings before Rolfe Fingers got the final two outs for his 19th save.

Angels 7, Orioles 1

In Baltimore, Don Baylor, Butch Hobson, and Bert Campanella

NASL Playoffs

FINAL FIRST ROUND RESULTS

Date	Team 1	Score	Team 2
Aug. 27	Minnesota vs. Tulsa	2-1	(Minnesota wins series, 2-0)
Aug. 28	Toronto vs. Vancouver	1-0	(Toronto wins series, 2-0)
Aug. 28	Montreal vs. Los Angeles	1-0	(Montreal wins series, 2-0)
Aug. 28	San Diego vs. Portland	1-0	(San Diego wins series, 2-0)
Aug. 28	Portland 2, San Diego 1	2-1	(Portland wins series, 2-1)
Aug. 28	San Diego 5, Portland 1	5-1	(San Diego wins series, 2-1)
Aug. 28	Chicago vs. Seattle	2-1	(Chicago wins series, 2-1)
Aug. 28	Chicago 3, Seattle 2	3-2	(Chicago wins series, 2-1)
Aug. 28	Seattle 2, Chicago 2	2-2	(Chicago wins series, 2-1)
Aug. 28	Seattle 2, Chicago 2		

Art Buchwald

The Biltmore Dream

WASHINGTON — Well, they went and tore down the Biltmore Hotel lobby in New York the other day — click and all. For you young whippersnappers, the Biltmore was the most preppie place in the whole wide world, and this was when it REALLY counted to be a preppie.



Buchwald

I never happened, but I was prepared if it did. Every weekend I took a seat in the lobby waiting for a dumb jock from Harvard, Princeton, Yale or West Point to

Big Mac Barred In Hampstead

LONDON — The golden arches of McDonald's, the world's largest hamburger chain, will not be rising in the London village of Hampstead.

stand up one of those perfect creatures so I could make my move. My plan was quite simple. I would get out of my chair and saunter over to the sobbing lady and offer her a clean handkerchief.

"First," I would say, "you need this, and then I believe you need a drink." I was prepared for an answer. "But I don't know you." To which I would reply: "I am the man who winds the Biltmore clock every time it stops when a virgin stands underneath it. Now for that drink."

Obviously, in my fantasy when she heard I was about to go off to a war, all reason would leave her and we would both remember the Biltmore Hotel (Room 345) for the rest of our lives.

Kathleen Tynan

Widow of an Angry Young Man Seeks Data for a Look Back in Fondness

By Thomas Quinn Curtiss International Herald Tribune

PARIS — Kathleen Tynan, the widow of the English drama critic Kenneth Tynan who died last summer in California, is preparing to write the life of her late husband.



Kathleen Tynan plans biography.

Mrs. Tynan lives in New York City now, but she is visiting France and England to collect material for the biography and to talk with those who knew Tynan.

"I thought Vanessa Redgrave, precisely on the mark as the young Agatha Christie, but there was fatal miscasting otherwise," she said more in sorrow than in anger. "They realized the atmosphere of the out-of-season English spa with the details I described, but somehow the treatment was not what I wrote."

both on The Observer," she recalled. "We were married three years later. Ken gave up journalistic criticism to become adviser on plays at the National Theatre. He was often in the news after he was a newspaperman. He launched an attack on Truman Capote's book, 'In Cold Blood' and Capote rose in its defense. That was a press scandal."

Seeking Facts Not Opinions The critic's widow, well aware that her late husband and deliberately created as much hostility as he did admiration, is not so eager to have opinions about him — pro or con — as she is to discover facts about his life before she knew him.

PEOPLE: 'Rescued' by Firemen

Actress Elizabeth Taylor and her husband, Sir John Warner, were rescued from a burning restaurant by firefighters who took them aboard their fire truck and drove them in safety in crowded Manhattan traffic.

The Prix Jean Monnet, given by the Goethe Foundation of Basel, has been awarded to John J. McCloy, former president of the World Bank and former U.S. high commissioner to West Germany.

Alling White House press secretary James Brady received a personal telephone call from President Reagan and his wife on the 41st birthday of Brady, who is recovering from his fourth major operation in five months, took a three-minute telephone call from Reagan, who was vacationing in California.

Declaring "the killer is back," singer Jerry Lee Lewis returned to his Nashville, Tenn., home following a 61-day stay at a Memphis hospital for treatment of a ruptured spleen. The 45-year-old singer, who is recovering from two major abdominal operations.

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